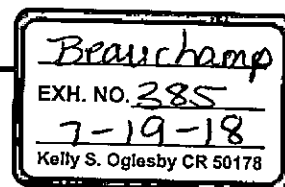


# **Exhibit No. 121**

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/14/2014 3:22:53 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Revisions to Forbearance Agreement  
**Attachments:** #200131428v13\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

Attached is the red-line version of the Forbearance Agreement to evidence the changes. Also enclosed is a clean copy that you and Scott can use to fill in the blanks so we can hopefully get this agreement finalized.

Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, David

**David G. Beauchamp**

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed

of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

" A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.



J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them

hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 95% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$\_\_\_\_\_ Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (on a \_\_\_ year amortization), all due and payable on or before February 1, 2016; and shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or

New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise Valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their

respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become

obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

17. **Ratification of Workout.** The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 95% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional



Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have \_ \_ hours to review and comment upon such disclosure.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

## 0

STATE OF ARIZONA )

) SS

COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against



the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

" A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1)

Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as

modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_ or better from \_\_\_\_ ) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to

Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 13.12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 95% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$\_\_\_\_\_ Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (on a \_\_\_ year amortization), all due and payable on or before February 1, 2016; and shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower and Guarantor ~~on an unsecured basis and New Guarantor~~ (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be ~~guaranteed by New Guarantor and this additional guaranty shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form for a guaranty to secure~~ a lender loaning a similar aggregate amount of money to a borrower ~~on an unsecured basis~~ as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and

Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(BC) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(CD) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise valley, Valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real ~~properties~~ property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(DE) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(EF) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender agrees, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders

and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any ~~party~~Party shall be drawn from the fact that such ~~party~~Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.



17. **Ratification of Workout.** The partiesParties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. ~~Except~~Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such partyParty's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which Lender agreesdisclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible, and to pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 95% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans.

to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors); the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement. The Parties shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism; and allow Borrower to have \_\_\_ hours to review and comment upon such disclosure.

[signatures on following page]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on  
the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

200131428.12 200131428.13 43930/168850

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

200131428.12200131428.13 43930/168850

CH\_0002919

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

200131428.12200131428.13 43930/168850

CH\_0002921



ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_ \_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

Document comparison by Workshare Compare on Friday, March 14, 2014  
3:15:14 PM

Input:	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/12
Description	#200131428v12<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/13
Description	#200131428v13<ClarkHill> - Forbearance Agreement
Rendering set	Standard

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

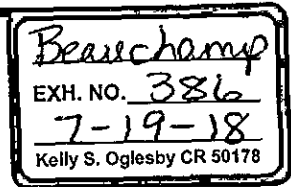
Statistics:	
	Count
Insertions	31
Deletions	25
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	60

# **Exhibit No. 122**

Dea S. / Wink

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Monday, March 17, 2014 10:31 AM  
**To:** Denny Chittick  
**Subject:** RE: Revisions to Forbearance Agreement



Denny:

Glad you had a good weekend. You deserve it.

I will make the changes and get it circulated.

Have you run the numbers to see how the loans at 120% of LTV and the unsecured loans will affect your overall ratios?

Best, David

**David G. Beauchamp**

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1168 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Monday, March 17, 2014 10:10 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

ok i hope these are the last of the changes, and we can start filling in all the blanks:

paragraph 7, A, i'm going to extend funds up to 120% of the value

paragraph B, i think the max number will be 5 million and i'm not sure what the amortization will be , i think we'll instead ask for outstanding interest to be paid plus X\$'s of principle a month, with any outstanding principle to be paid at 2/1/16.

paragraph D , it's Scottsdale, not PV., the note will be secured against properties or allow me to allocate funds on the workout loan at 3%

paragraph 18, 48 hours.

that's all the changes i have for now. we do these, i think that we will just need to fill in the blanks and add the addendum.

it's important that we have the assets secured as part of this agreement from furniture king. scott is going to try to get inventory financing, he does that, that will free up 1-2 million of cash at 5.5% and pay me down, i rather have him do that instead of a ucc. plus he's expanding and adding another store in Gilbert.

i hope you had a nice weekend, i feel like i had my first good one since Nov!

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
Sent: Friday, March 14, 2014 3:22 PM  
Subject: Revisions to Forbearance Agreement

Denny:

Attached is the red-line version of the Forbearance Agreement to evidence the changes. Also enclosed is a clean copy that you and Scott can use to fill in the blanks so we can hopefully get this agreement finalized.

Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

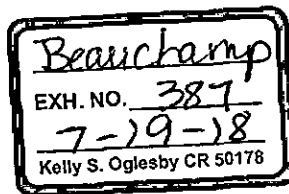
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# **Exhibit No. 123**



DenSco/Workman

**Beauchamp, David G.**

---

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:43 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

so am i but the details of the agreement are confidential, how my ratios end up, i can explain without giving details.  
dc

DenSco Investment Corp  
www.denscoinvestment.com  
602-469-3001 C  
602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:41 AM  
**Subject:** RE: Revisions to Forbearance Agreement

Denny:

I completely agree that it makes a lot of sense, but I am concerned about the disclosure to your investors.

Best, David

David G. Beauchamp

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1128 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Monday, March 17, 2014 10:37 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

we are banking on about 50 properties, it will obviously pull it up, however, as the other loans that i have at 95% sell off and replace them with 60-70% LTV loans during my normal course



of business, i feel like i should be ok. plus, as we get appreciation, what might start out to be 120% might be 105% or less by years end. i know this is a bit of a risk, however, i feel like, one, getting rid of gregg's loans is 100% necessary. i rather control a property at 120% LTV worse case, then have no control and be in a second position totally exposed, as i am today on 90 loans, secondly, i lower the workout loan amount , which is much more risky than a 120% ltv loan on a house. i've spent a lot of time thinking about it and i really think it makes more sense.

dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:31 AM  
**Subject:** RE: Revisions to Forbearance Agreement

Denny:

Glad you had a good weekend. You deserve it.

I will make the changes and get it circulated.

Have you run the numbers to see how the loans at 120% of LTV and the unsecured loans will affect your overall ratios?

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Monday, March 17, 2014 10:10 AM

To: Beauchamp, David G.  
Subject: Re: Revisions to Forbearance Agreement

ok i hope these are the last of the changes, and we can start filling in all the blanks:

paragraph 7, A, i'm going to extend funds up to 120% of the value

paragraph B, i think the max number will be 5 million and i'm not sure what the amortization will be , i think we'll instead ask for outstanding interest to be paid plus X\$'s of principle a month, with any outstanding principle to be paid at 2/1/16.

paragraph D , it's Scottsdale, not PV., the note will be secured against properties or allow me to allocate funds on the workout loan at 3%

paragraph 18, 48 hours.

that's all the changes i have for now. we do these, i think that we will just need to fill in the blanks and add the addendum.

it's important that we have the assets secured as part of this agreement from furniture king. scott is going to try to get inventory financing, he does that, that will free up 1-2 million of cash at 5.5% and pay me down, i rather have him do that instead of a ucc. plus he's expanding and adding another store in Gilbert.

i hope you had a nice weekend, i feel like i had my first good one since Nov!

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Friday, March 14, 2014 3:22 PM  
**Subject:** Revisions to Forbearance Agreement

Denny:

Attached is the red-line version of the Forbearance Agreement to evidence the changes. Also enclosed is a clean copy that you and Scott can use to fill in the blanks so we can hopefully get this agreement finalized.

Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

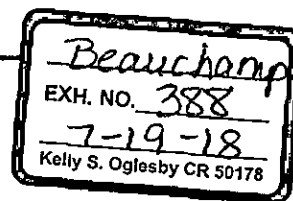
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# **Exhibit No. 124**

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/17/2014 5:02:07 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Forbearance Agreement  
**Attachments:** #200131428v14\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

Attached is a clean and a red-line version of the Forbearance Agreement. These changes include all of your changes, except for the last reference in your email concerning paragraph 7 (D). Since this subsection concerns security for the \$1 Million loan, I do not know what you mean by "or allow me to allocate funds on the workout loan at 3%." I tried two or three different things and finally gave up and am sending it to you without that change.

Please review the other changes and let me know what you wanted done in paragraph 7 (D).

Sorry for the delay in getting it to you today. Kind of a crazy Monday.

All the best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended for or written to be used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

## FORBEARANCE AGREEMENT

**THIS FORBEARANCE AGREEMENT** ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("**Borrower**"), Yomtov "Scott" Menaged ("**Guarantor**"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("**New Guarantor**"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("**Lender**"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "**Party**" hereunder and are collectively referred to as the "**Parties**"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed

of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

"A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them



hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 120% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$ 5.0 Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and \_\_\_\_% of outstanding principal), all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016; and shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as

Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to \$1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property in Scottsdale, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their

respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become

obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

17. **Ratification of Workout.** The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 120% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional

Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.

**IN WITNESS WHEREOF**, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower.**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President



**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan. . . . Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against

the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

" A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1)



Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$ \_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$ \_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as

modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to

Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 95.120% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$5.0 Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (on a ~~year~~ amortization), calculated pursuant to a formula consisting of all outstanding interest and % of outstanding principal, all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016; and shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this

Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders, and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to \$1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property in ~~Paradise Valley~~ Scottsdale, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders

and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

17. **Ratification of Workout.** The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 95~~120~~% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the



aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.

**IN WITNESS WHEREOF**, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomotov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

| ~~200131428-13~~200131428.14 43930/168850

CH\_0002768

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

200131428.13200131428.14 43930/168850

CH\_0002769

ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Document comparison by Workshare Compare on Monday, March 17, 2014  
4:55:06 PM

Input	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/13
Description	#200131428v13<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/14
Description	#200131428v14<ClarkHill> - Forbearance Agreement
Rendering set	Standard

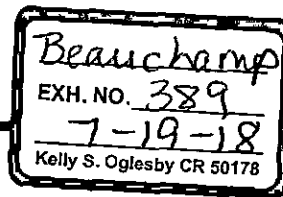
Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics	
	Count
Insertions	8
Deletions	7
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	15



# **Exhibit No. 125**

**Beauchamp, David G.**



*DenSco / work*

**From:** Beauchamp, David G.  
**Sent:** Tuesday, March 18, 2014 10:01 AM  
**To:** Denny Chittick  
**Subject:** RE: Forbearance Agreement

Denny:

Were you thinking that upon the initial pay-off of the \$1 Million line that the \$1 Million line would be merged into the other \$5 million line? In the alternative, should we reduce the other line from \$5 million to \$4 million and have the \$1 million be a completely separate line? If there is going to be a rate adjustment (based on your costs of capital) that really should be a completely separate line to avoid any confusion. We can also provide that any payments should first be applied to the \$1 million line at 3% rather than the \$5 million line.

What do you think?

Best, 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:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Tuesday, March 18, 2014 9:56 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance Agreement

ok look at it this way. he's going to be selling the house that i have the million dollars on it in less than 2 weeks. so besides the detail that are in the paragraph explaining that i have a lien on the property, i think that in the paragraph that explains the work out loan with principle and interest payments that will be made, 1 million of the outstanding balance will be at 3% , and will rise if my costs rise . so if i my line goes up by 1/2 % his costs go up by the same.

dc

**DenSco Investment Corp**  
[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

602-532-7737 f

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
Sent: Monday, March 17, 2014 5:02 PM  
Subject: Forbearance Agreement

Denny:

Attached is a clean and a red-line version of the Forbearance Agreement. These changes include all of your changes, except for the last reference in your email concerning paragraph 7 (D). Since this subsection concerns security for the \$1 Million loan, I do not know what you mean by "or allow me to allocate funds on the workout loan at 3%." I tried two or three different things and finally gave up and am sending it to you without that change.

Please review the other changes and let me know what you wanted done in paragraph 7 (D).

Sorry for the delay in getting it to you today. Kind of a crazy Monday.

All the best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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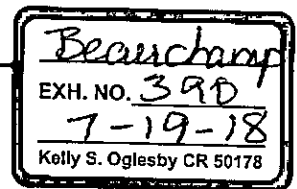
FEDERAL TAX ADVICE DISCLAIMER: Under U. S. Treasury Regulations, we are informing you that, to the

extent this message includes any federal tax advice, this message is not intended or written by the sender to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

# **Exhibit No. 126**

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/18/2014 2:12:02 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Forbearance Agreement  
**Attachments:** #200131428v14\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

The attached Forbearance Agreement has the changes from last night as well as the additional changes that you requested in your emails this morning. Both sets of changes are reflected in the red-line version which is also attached.

Please review and call me if you have any further questions.

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended for or written to be used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

## FORBEARANCE AGREEMENT

**THIS FORBEARANCE AGREEMENT** ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("**Borrower**"), Yomtov "Scott" Menaged ("**Guarantor**"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("**New Guarantor**"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("**Lender**"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "**Party**" hereunder and are collectively referred to as the "**Parties**"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed

of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

"A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.



J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3 **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them

hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7 **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 120% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$ 5.0 Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and \_\_\_\_% of outstanding principal), and all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016 (the "Additional Funds Loan"). The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor. Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially

reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to \$1 Million US Dollars, which loan is to provide for multiple advances, and currently accrues 3% annual interest (which interest shall be calculated based upon, and periodically adjusted as necessary, to equal the interest costs to Denny Chittick on his line of credit from Bank of America plus ½%) to be secured by a first lien position against certain real property in Scottsdale, AZ (the "Additional Loan"). Upon the sale of such Property, Borrower and Guarantor will arrange for the Additional Loan to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor.

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting

any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans

and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans

Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

17. **Ratification of Workout.** The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$\_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the



previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 120% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.

**IN WITNESS WHEREOF**, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**



**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_



## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined)

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against

the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

" A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1)

Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as

modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to

Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to ~~95~~120% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$~~\_\_\_\_\_~~5.0 Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (on a ~~\_\_\_\_\_~~ year amortization) calculated pursuant to a formula consisting of all outstanding interest and ~~\_\_\_\_\_~~% of outstanding principal), and all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016; and (the "Additional Funds Loan"). The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor ~~(the "Additional Funds Loan")~~. Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to

Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to \$1 Million US Dollars, which loan is to provide for multiple advances, ~~earn 3% annual interest and currently accrues 3% annual interest (which interest shall be calculated based upon, and periodically adjusted as necessary, to equal the interest costs to Denny Chittick on his line of credit from Bank of America plus 1/2%)~~ to be secured by a first lien position against certain real property in ~~Paradise Valley, AZ~~ Scottsdale, AZ (the "Additional Loan"). Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan Additional Loan to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their



respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated,

whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

17. **Ratification of Workout.** The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$\_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 95.120% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to

Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.

**IN WITNESS WHEREOF**, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

~~200131428.13~~ 200131428.14 43930/168850

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Document comparison by Workshare Compare on Tuesday, March 18, 2014  
2:00:23 PM

Input:	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/13
Description	#200131428v13<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/14
Description	#200131428v14<ClarkHill> - Forbearance Agreement
Rendering set	Standard

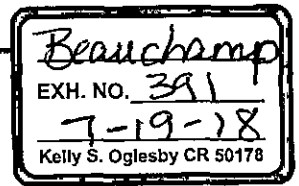
Legend:	
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<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	12
Deletions	11
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	25

# **Exhibit No. 127**

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/20/2014 4:54:03 PM  
**To:** Schenck, Daniel A. [dschenck@clarkhill.com]  
**Subject:** FW: Forbearance Agreement  
**Attachments:** Forbearance Agreement - Redlined Version 16.pdf



FYI

Thanks, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Garza-O'Neil, Ermila  
**Sent:** Thursday, March 20, 2014 11:23 AM  
**To:** 'dcmoney@yahoo.com'  
**Cc:** Beauchamp, David G.  
**Subject:** Forbearance Agreement

This email is sent on behalf of David Beauchamp:

Dear Mr. Chittick:

Attached please find Redlined Version 16 of the Forbearance Agreement.

Thank you for your attention to this matter.

Sincerely,

Ermila Garza-O'Neil, Certified PP  
Assistant to Darrell E. Davis,  
Joshua J. McClatchey and Sean M. Carroll

CLARK HILL PLC

480.684.1130 (direct) | 480.684.1199 (fax)

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower")), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage," and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust," and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure

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payment of the Loan... Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

E. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

...

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

"A "Default" shall occur (i) ... or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

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I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including March 1, 2014), \$\_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18% per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

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4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 Million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring

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the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately \$1,000,000 on or before March 20, 2014; (ii) approximately \$1,000,000 on or before May 26, 2014; (iii) approximately \$1,000,000 on or before July 15, 2014; and (iv) approximately \$1,200,000 on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a

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reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.

(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.

(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).

7. **Lender's Actions.** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 120% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.

(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor and New Guarantor, jointly and severally, in an amount up to \$5.0 Million US Dollars, which loan is to provide for multiple advances, earn 18% interest, with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and \_\_\_\_% of outstanding principal), and all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016 (the "Additional Funds Loan"). Upon the sale or refinancing of the

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Property securing the Additional Loan (pursuant to Section 7(D)), the outstanding principal balance of the Additional Funds Loan shall be paid down so that the outstanding principal balance is reduced to an amount of \$4.0 Million US Dollars or less and the Note evidencing the Additional Funds Loan shall be modified to reduce the maximum outstanding principal to \$4.0 Million US Dollars. The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor and New Guarantor. Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.

(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to \$1 Million US Dollars, which loan is to provide for multiple advances, and currently accrues 3% annual interest (which interest shall be calculated based upon, and periodically adjusted as necessary, to equal the interest costs to Denny Chittick on his line of credit from Bank of America plus ½%) with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and % of outstanding principal balance), all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016, and such loan shall be secured by a first lien position against certain real property in Scottsdale, AZ (the "Additional Loan"). The promissory note to evidence the Additional Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower and Guarantor. Upon the sale or refinancing of such Property, Borrower and Guarantor will arrange for the Additional Loan to be secured by a first-lien position against certain real property or properties, with the properties and the lien position to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor. Further, upon the sale or refinancing of such Property, Borrower, Guarantor and Lender shall modify the Additional Funds Loan to reduce the maximum outstanding balance to \$4.0 Million US Dollars.

(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this

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Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in any legal action in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.

8. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

9. **No Knowledge of Claims and Defenses against Lender.** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.

10. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

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11. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

12. **Costs and Expenses.** Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of \$80,000; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of \$80,000 is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

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16. **Entire Agreement; No Oral Agreements Concerning Loans.** The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

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or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

18. **Confidentiality.** In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to 120% of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

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By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

Forma  
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EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES

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ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

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Form

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ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

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Forma  
Forma

ACKNOWLEDGMENTS

STATE OF ARIZONA     )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

Forma  
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ACKNOWLEDGMENTS

STATE OF ARIZONA     )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

200131428 16 43820/17008200131428 16 43820/17008200131428 16 43820/17008200131428 16  
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ACKNOWLEDGMENTS

STATE OF ARIZONA     )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

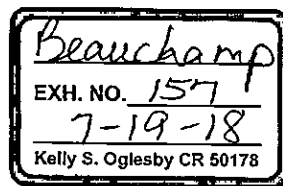
\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

Forma  
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# **Exhibit No. 128**



Den Sco / Managed

○

Tcp Denny Chittick (1/10/14)

602-469-3001

(0.5)

— Denny talked to Scott :

— ~~Denny~~ explained what DGB was going to discuss ~~to~~ up Bob

— Scott asked about the time frame → Denny

○

— Scott's wife is in Hospice right now

→ deal w/ Bob Miller's 3 guys

— then Greg feels he is in first & supposedly he is OK

○



Message from Denny Chittick (8/10/14)

602-469-3001

— what is status

Tell Denny Chittick (8/10/14)

602-469-3001

— Denny talked to Greg 2X today

— Greg said that Denny has to sign the Subordination Agent or that Dan + others

— Trustee's Sale — so do not get fiddle into

— need to get back-up plan in place

— Denny does not want to talk to his investors until he is ready — will not take long

— Denny will talk to Scott to get his \$ ready

— Denny will also talk to Dan & explain

Den Sco / Managed

○ Taw Bob Miller (4/10/14)

- left message

Taw Bob Miller (4/10/14)

602-550-8380

(4/14)

- Greg Reichman - Active Funding -

- tried to find other  
Cardon

Dan Deton -

- Bob talked to Dan earlier today

○ - Bob said that his clients gave the \$ to the Trustees & can prove  
that

Bob - Denny needs to take

- Bob will report this to his client

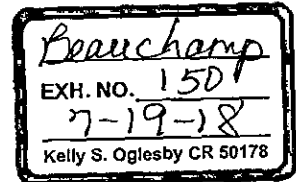
- Conflict of Interest

# **Exhibit No. 129**

DenSeu / Workout

**Beauchamp, David G.**

**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Sunday, January 12, 2014 9:35 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Plan



No I am not aware of who it is or what their agreement is

Sent from my iPad

On Jan 12, 2014, at 9:33 PM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Denny:

Thank you for the update. You should feel very honored that you could raise that amount of money that quickly.

I will outline a few thoughts tomorrow and get back to you. Do you know the terms that Scott is having to give his investor?

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Sunday, January 12, 2014 03:05 PM  
**To:** Yomtov Menaged <[smena98754@aol.com](mailto:smena98754@aol.com)>; Beauchamp, David G.  
**Subject:** Plan

I've spent the day contacting every investor that has told me they want to give me more money. i don't have an answer on specifically how much i can raise, i'll know that in a day or two. i have 3 million in my acct. i still have to fund my regular business at the same time. i've got a few million closing in the next 10 business days. i feel like if all goes well, i'll have my money in total of rought 5-6 million in this time frame.

The idea, which Scott and i talked about Friday night.

would be to have the opposing group, give a list of addresses and \$'s amounts to us and to Debbie Pihl (yes it's spelled correctly, pronounced Peal) she works at Magnus, both Scott and i have worked with her for years, highly respected. i'm quite sure they know her too. she then does the title work, verifies the dollar amounts, gives us a list of \$'s and properties to pay off their loans. based on cash that scott and i have, we'll start knocking them off. that way, it's all documented, it's through a neutral third party and everyone is secure in their positions and dollars.

As far as Scott and i, we would like to meet with Dave and Scott's attorney, all four of us. Create a terms sheet then have it written up as far as what needs to be in there to both make me secure, terms are understood, conditions, costs, etc.

if both scott and i can raise enough money, we should be able to have this all done in 30 days easy, less than three weeks would be my goal.

we have both been told there are as many as three other entities, waiting to see what happens, which represent as many as 6 to 10 more loans. i'm sure they will be next, we have to plan for that too.

then that should leave us with just me and Greg on all of Scott's loans. Greg has confirmed with Scott and has told me, as long as he gets his interest and payoffs come, he's happy. which he should be, because he claims he's run title on every loan and he's in first position on all of them but 2 of the loans.

the plan that scott and i sent forth to you in my email that

went to spam folder, would then be pursued to pay off these loans that i'm 95% LTV and to pay off Greg's loans. the time frame for this will be driven by Scott's ability to bring in the additional capital he's raising.

that's my plan, shoot holes in it.

thx

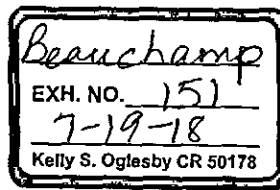
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f -

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# **Exhibit No. 130**



DenSco/Workout

**Beauchamp, David G.**

---

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, January 13, 2014 10:11 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Plan

i sent an email to scott requesting he communicate with you about the agreement.

yes i'll be available at 2pm.

thx

dc

**DenSco Investment Corp.**  
**www.denscoinvestment.com**  
**602-469-3001 C**  
**602-532-7737 f**

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Stringer, Lindsay L." <lstringer@ClarkHill.com>; "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Monday, January 13, 2014 10:02 AM  
**Subject:** Re: Plan

Denny:

Since you are relying on Scott, I think his deal with his investor is very relevant information. Would you mind asking Scott and indicate that we have been asked by Bob Miller to vouch for Scott and his investors. (Which is true). You can say that Beauchamp would be more comfortable knowing the details before we do that.

Bob Miller wants another conference call this afternoon with me. I would like to talk to you before that. Would you be available at 2:00 to talk for about 15 to 20 minutes?

Thanks, 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:** Denny [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Sunday, January 12, 2014 09:35 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Plan

No I am not aware of who it is or what their agreement is

Sent from my iPad

On Jan 12, 2014, at 9:33 PM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Denny:

Thank you for the update. You should feel very honored that you could raise that amount of money that quickly.

I will outline a few thoughts tomorrow and get back to you. Do you know the terms that Scott is having to give his investor?

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Sunday, January 12, 2014 03:05 PM  
**To:** Yomtov Menaged <[smena98754@aol.com](mailto:smena98754@aol.com)>; Beauchamp, David G.  
**Subject:** Plan

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The idea, which Scott and i talked about Friday night. would be to have the opposing group, give a list of addresses and \$'s amounts to us and to Debbie Pihl

(yes it's spelled correctly, pronounced Peal) she works at Magnus, both Scott and i have worked with her for years, highly respected. i'm quite sure they know her too. she then does the title work, verifies the dollar amounts, gives us a list of \$'s and properties to pay off their loans. based on cash that scott and i have, we'll start knocking them off. that way, it's all documented, it's through a neutral third party and everyone is secure in their positions and dollars.

As far as Scott and i, we would like to meet with Dave and Scott's attorney, all four of us. Create a terms sheet then have it written up as far as what needs to be in there to both make me secure, terms are understood, conditions, costs, etc.

if both scott and i can raise enough money, we should be able to have this all done in 30 days easy, less than three weeks would be my goal.

we have both been told there are as many as three other entities, waiting to see what happens, which represent as many as 6 to 10 more loans. i'm sure they will be next, we have to plan for that too.

then that should leave us with just me and Greg on all of Scott's loans. Greg has confirmed with Scott and has told me, as long as he gets his interest and payoffs come, he's happy. which he should be, because he claims he's run title on every loan and he's in first position on all of them but 2 of the loans.

the plan that scott and i sent forth to you in my email

that went to spam folder, would then be pursued to pay off these loans that i'm 95% LTV and to pay off Greg's loans. the time frame for this will be driven by Scott's ability to bring in the additional capital he's raising.

that's my plan, shoot holes in it.

thx

dc

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602-469-3001 C — — — — —  
602-532-7737 f

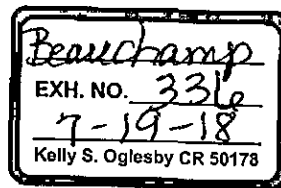
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# **Exhibit No. 131**



DenSco/Workout

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Tuesday, February 04, 2014 7:07 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com)  
**Subject:** FW: Easy/DenSco - Revised Forbearance Agreement

Denny:

Please see my email to Jeff below. I cannot just send the redline version to you, because he did not send a redline version to me. I am in the process of creating a redline but my system is having problems with his document. I will forward it to you as soon as I can.

I also tried to give you an out from all of the many "business changes" that Jeff made to the agreement. Jeff deleted whole sections of the Forbearance Agreement. Jeff even deleted that Scott is to pay your attorneys' fees in connection with this matter, which Scott offered in the very first meeting with you and me. Jeff also has you waiving many, many rights that are standard in a forbearance agreement, including the right to collect default interest if the Borrower defaults under the Forbearance Agreement, and the CROSS-DEFAULT provision that is referenced as a standard provision in your loans in DenSco's POM for your investors. [BOTTOM LINE: JEFF'S CHANGES ARE NOT JUST WORD CHANGES, BUT SUBSTANTIVE CHANGES THAT CLEARLY TRANSFER SIGNIFICANT RISK TO YOU AND YOUR INVESTORS.]

We will need to review and discuss all of these changes after you get a chance to see the redline. However, if even a portion of these changes are allowed to remain, we can no longer describe this as an industry standard "forbearance agreement" in the description that you HAVE to provide to your investors. This revised agreement leaves the risk of first lien position to you and you accept whatever happens in connection with any other lender. That was never my understanding of what this agreement with Scott was supposed to provide.

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Beauchamp, David G.  
**Sent:** Tuesday, February 04, 2014 6:37 PM  
**To:** Goulder, Jeffrey  
**Subject:** RE: Easy/DenSco - Revised Forbearance Agreement

Jeff:

Although your email indicates that a redline is attached, I can see several changes that are not redlined, which is not right.

I had also asked twice to know the issues before any meeting or discussions took place. So I could at least have a chance to discuss the issues with my client. Today's changes were presented to my client when I was not available to even discuss them with my client. I went out of my way to make sure you knew the issues and any changes. The "business changes" that you included and were supposedly discussed and agreed upon by our respective clients were relayed to me differently than what you have put into the agreement. That is important give the increase in the amount of the overall loans that has been made extended to your client by DenSco.

Sincerely, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Goulder, Jeffrey [mailto:[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)]  
**Sent:** Tuesday, February 04, 2014 3:20 PM  
**To:** Beauchamp, David G.  
**Subject:** Easy/DenSco - Revised Forbearance Agreement

David – Attached is a clean and redlined copy of the revised agreement. I believe our clients have already discussed the changes in the business terms. We will look forward to hearing from you.

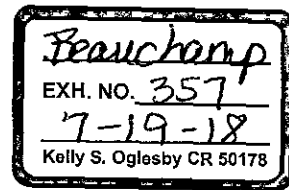
**Jeffrey J. Goulder** | Partner | Stinson Leonard Street LLP  
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# **Exhibit No. 132**



DenSco / Workout

TCW Denny Chittick (2/21/14)

602-469-3001

(0.8) — relayed info from Bill Price concerning the "Springing Rights"  
+ that it is "highly unlikely" that a court would allow Denny to be protected  
by that procedure  
— asked both attys — so need to wait until Jeff gets back to Scott

— Denny wants Scott to hear answer from

— Denny talked to Scott a couple of times today

- received 3 loan payoffs back (from the 95%)
- another 2 — ~~loan~~ <sup>Pay's</sup> loans — were payoff; eliminated 2 of Greg's loans
- did overages on some loans — up to 95%
- wired in \$180,000 + received back \$220,000

— another 20 to close in the next couple of weeks

— Resolved for 8 loans that were double leveraged

— to do that had to put out more money → so higher leveraged

Annual  
DenSco mtg

— DenSco — Sat @ 3:00 — cannot be ready to sell everything

— What to put in notice to the investors

— explain concentration to Scott to help Scott package homes  
to sell to a Hedge Fund in \$5M groups

— then problem was discovered — but to resolve the loans  
with double leverage — came up w/ a plan → but that required DenSco to  
make higher leverage loans

— DenSco also make advances on new homes purchased

DIC0005442



# **Exhibit No. 133**

Den. Sco / Workout

Tip Deany Pittard (4/24/14)

602-369-4001

— close of business on April 16

— 1,780,239.76 principal \$5 M Note

— 35,639,880.71 principal — Total Loans

— 915,167.89 principal \$1 M Note

186 Loans when started — double-encumbered

POM  
Update

— down to 94 loans (\$12.3 M principal)

— Dan's group out — pd off

— 34 loans in escrow — to close by end of May

— 6 in negotiation

→ workout balance is at \$2 M

— Scott is buying \$600,000 to \$1,000,000 in houses but he is then wholesaling them out

— was at approx \$25 M

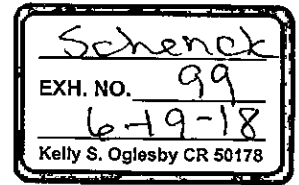
# **Exhibit No. 134**

DenSco/POM

**Beauchamp, David G.**

---

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, April 24, 2014 6:13 PM  
**To:** Beauchamp, David G.  
**Subject:** here you go  
**Attachments:** Private Offering Memorandum 2011.doc



attached  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**July 1, 2011**

No: \_\_\_\_\_

Name of Payee: \_\_\_\_\_

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**General Obligations Notes**

**Minimum Purchase \$50,000**

The General Obligation Notes (the "Notes") are general obligations of DenSco Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers and shareholders of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities – Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum; provided, however, the Company reserves the right to amend, modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY REVIEWED, APPROVED OR DISAPPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$475,000
Offering Maximum	\$50,000,000	-0-	\$49,975,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) The Company's President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$25,000, will be paid from the Company's general operating funds.

**DenSco Investment Corporation**  
**6132 W. Victoria Place**  
**Chandler, Arizona 85226**  
**(c) 602-469-3001**  
**(f) 602-532-7737**



THE NOTES ARE OFFERED ONLY TO PERSONS WHO ARE: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(a) OF REGULATION D PROMULGATED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES, INCLUDING A LOSS OF THE ENTIRE INVESTMENT; AND (3) SUFFICIENTLY KNOWLEDGEABLE AND EXPERIENCED IN FINANCIAL AND BUSINESS MATTERS TO BE ABLE TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES EITHER ALONE OR WITH A PURCHASER REPRESENTATIVE. SEE "INVESTOR SUITABILITY." THE NOTES ARE NOT OFFERED AND WILL NOT BE SOLD TO ANY PROSPECTIVE INVESTOR UNLESS SUCH INVESTOR HAS ESTABLISHED, TO THE SATISFACTION OF DENNY J. CHITTICK, THAT THE INVESTOR MEETS ALL OF THE FOREGOING CRITERIA. EACH INVESTOR MUST ACQUIRE THE NOTES FOR HIS, HER OR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND WITHOUT ANY INTENTION OF DISTRIBUTING OR RESELLING ANY OF THE NOTES, EITHER IN WHOLE OR IN PART.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE IDENTITY APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. THE RIGHT TO PURCHASE NOTES AS DESCRIBED HEREIN IS NOT ASSIGNABLE.

TO ENSURE COMPLIANCE WITH CIRCULAR 230 GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE, POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A POTENTIAL INVESTOR, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A POTENTIAL INVESTOR UNDER THE INTERNAL REVENUE CODE; (B) SUCH

DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES OFFERED HEREBY; AND (C) POTENTIAL INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN "REPORTABLE TRANSACTIONS" REQUIRE THAT PARTICIPANTS AND CERTAIN OTHER PERSONS FILE DISCLOSURE STATEMENTS WITH THE IRS, AND IMPOSE SIGNIFICANT PENALTIES FOR THE FAILURE TO DO SO. AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS RESTRICTED BY APPLICABLE SECURITIES LAWS.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH ONLY IN THE DOCUMENTS DESCRIBED HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH IN IT IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CERTAIN INVESTORS TO WHOM IT HAS BEEN DIRECTED. A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AGREES TO

RETURN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE COMPANY IF THE HOLDER DOES NOT UNDERTAKE TO PURCHASE ANY OF THE NOTES OFFERED HEREBY.

PRIOR TO THE SALE OF ANY NOTES OFFERED HEREBY, THE COMPANY WILL MAKE AVAILABLE TO EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MR. CHITTICK CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THE COMPANY OR MR. CHITTICK POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

ANY REPRODUCTION OR DISTRIBUTION OF THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF MR. CHITTICK IS STRICTLY PROHIBITED.

REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUITABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE

AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY'S NOTES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY NOT DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE, "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

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## MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

### The Company

DenSco Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation, which has been in operation since April, 2001. In the ten years of operation from April, 2001 through June, 2011, the Company has engaged in 2622 loan transactions. The Company has been and will continue to be engaged primarily in the business of making high-interest loans with defined loan-to-value ratios to residential property remodelers ("Foreclosure Specialists") who purchase houses through pre-foreclosure process and foreclosure sales, all of which are secured by real estate deeds of trust ("Trust Deeds") recorded against Arizona residential properties, but the Company will not limit its efforts to this niche. In connection with its business, the Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

### The Offering

**Securities:** The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the remaining \$49.5 million in principal amount of Notes. In addition to the Company's President's (Denny Chittick) initial capital contribution to the Company, Mr. Chittick maintains a \$1 million

investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000.00, increasing in additional increments with a minimum of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

**Restricted Nature of**

**Securities:** The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

**Risk Factors:** An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

**Use of Proceeds:** The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

**Plan of Distribution:** Notes may be purchased directly from the Company without commission. The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."



## **BUSINESS**

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of funding Foreclosure Specialists, who purchase houses through the preforeclosure process, and at foreclosure sales and through a sale of REO properties (Real Estate Owned by a financial institution after a foreclosure) or short sale transactions.

### **Target Markets and Potential Future Markets**

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$25,000 to \$500,000, and the largest loan size is not intended to exceed \$1,000,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The loans are written to be repaid in six months and all loans are structured to require monthly interest payments. A majority of the loans are paid back within three months; however, some loans are allowed to be extended on a case by case basis.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 60 percent. The Company anticipates that the minimum loan size will continue to be \$25,000, and the maximum loan size will continue to be

\$1,000,000. The values of these homes are determined to be based on the value to which they will appraise at or sell for on the retail market.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, multi-unit apartment complexes, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 65 percent but with an objective goal of 50 percent to 60 percent. The maximum loan size is intended to be \$1,000,000, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the Company because of the faster financing, competitive over all costs, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. From time to time, a default occurs on a loan and the Company needs to conduct a Trustee's Sale or accept a Deed In Lieu of Foreclosure on the real property securing a loan. As such, if the Trustee conducting the Trustee's Sale does not receive a bid in excess of the Company's credit bid (in the amount of the loan, accrued interest and costs) at the Trustee's Sale, the Company becomes the owner of the subject real property. The Company intends to sell such properties as quickly as possible in an effort to minimize resulting costs and losses, and to maintain a diversified financing operation. However, the Company reserves the right to lease

any property obtained through a Trustee's Sale or a Deed in Lieu of Foreclosure until the Company determines that the property can be sold at a sufficient price. The Company may diversify its financing operations in the future to include other areas of finance. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

#### **Cash Flow**

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

#### **Limited Due Diligence**

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

### **Funding and Purchase of Loans**

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

### **Collections**

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. At the discretion of the Company, the Company's normal documents provide that a late charge of ten percent of the interest amount due is to be assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is thirty (30) days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Deed of Trust; provided, however, the Company may elect not to begin foreclosure proceedings if the property secured by the loan is under contract for sale or is in the process of being refinanced. The goal of the Company is to recover the principal of a loan and any interest and or any late fees assessed. If the borrower is unable in a timely manner to sell or refinance the subject property, the Company may request that the borrower execute a Deed in Lieu of Foreclosure (a "Deed in Lieu") to the Company so that the Company will gain immediate control of the subject property rather than going through the ninety (90) day process and expense associated with a Trustee's Sale. Upon the Company gaining control of the property through a Deed in Lieu or a Trustee's Sale, the Company will decide either to market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property "as is." The Company may also decide to rent the subject property as an investment property. If applicable, the management of the rental properties will be maintained by a professional management company chosen by the Company.

## Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker and mortgage banker licensing and operating requirements. The Company's management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or a mortgage banker nor under certain federal laws, such as Truth-In-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.

The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company's management believes it does not need a license from the Arizona Department of Financial Institutions as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully invested in loans with borrowers.

Other states in the West have instituted additional restrictions concerning loans secured by private real estate, which are commonly referred to as "predatory mortgage lending laws." Although Arizona has not passed a similar statute, such provisions may come into effect in Arizona either through law or regulation during this offering. The Company's management believes that its practices will not need to change in order to comply with any of the current proposals if they should go into effect. However, there can be no assurance that such will be the case.

The Company's management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended. The Advisers Act and the analogous Arizona law generally require all persons that are engaged in the business of providing investment advice for compensation to register with the SEC or Arizona provided that such adviser is not exempt from registration. The Company's management believes that it is not engaged in the business of providing investment advice for compensation, and as such, is not required to register as an investment adviser with either the SEC and/or the State of Arizona. In addition, even if the Company were deemed to be engaged in the business of providing investment advice for compensation, the Company anticipates that it would exempt from registration as a "private investment adviser" under rules and regulations of the SEC and/or the State of Arizona given that the Company has fewer than the threshold number of clients that would trigger registration with the SEC and/or the State of Arizona.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the "private investment adviser" exemption was eliminated and replaced by a number of other specific exemptions. As directed by the Dodd-Frank Act, the SEC is currently preparing

the final rules (the "Rules") that will provide guidance as to the applicability of the additional specific exemptions that replace the "private investment adviser" exemption. The Company expects that the SEC will issue the Rules during this offering; however, until this occurs, the Company cannot determine whether it will be required to register as a result of the Dodd-Frank Act and the Rules promulgated thereunder. Should the Rules require the Company to register as an investment adviser, the Company intends to take the necessary steps to register as an investment adviser with the State of Arizona and/or the SEC within the time frame outlined in such Rules.

### **Diversity of Risk**

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed 150 approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed 250 qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes and condominiums to \$1,000,000 custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and management's knowledge of the Phoenix metropolitan area market, the Company's management anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately 2800 loans secured by real

estate over the last fourteen (14) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced 44 loan defaults that required initiating a Trustee's sale process, with seven of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed seven properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

The Company will make available to each prospective investor, prior to the consummation of the offering and sale of a Note to such investor and such investor's representative and advisers, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information that the Company may possess or may be able to obtain without unreasonable effort or expense, and which may be necessary to verify the accuracy of the information furnished to such prospective investor.

#### **Executive Offices**

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.



## RISK FACTORS

*An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.*

### Operating History

In the Company's ten year operating history through June, 2011, the Company has completed in excess of 2622 loan transactions. However, even with these number of loans over ten years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

### Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are established in the finance business. Competition in the finance business is based upon the lowest overall loan cost, which consists of interest rates, fees, closing costs, document fees, reputation, and availability of funds and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete for borrowers on better terms, such as interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of

nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

#### **Ability to Generate Sufficient Cash Flow to Service the Outstanding Notes**

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Decrease in Value of Collateral for the Loans in Company's Portfolio**

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Expansion of Real Estate Loan Base**

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

#### **Demand for Real Estate Loans**

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

#### **Management of Rapid Growth**

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

### **No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance**

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

### **Terms of Notes**

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

### **Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes**

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

### **Variable Rates and Maturities of Notes**

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest

rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

#### **Value of Company's Assets**

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

#### **Collections and Foreclosures**

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

#### **No Assurance of Conventional Financing for the Company's Operations**

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's

management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of 12% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

### **Regulation**

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently



structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business – Regulation," including the predatory mortgage lending discussion contained therein.

#### **FHA Regulations**

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

#### **No Assurance of Successful Placement of the Notes**

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

#### **Absence of Public Market/ Non-Transferability of Notes**

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market

will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

#### **Impact of Change in Economic Conditions**

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

#### **Dependence on Key Personnel**

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such

plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

#### **Management's Outside Interests and Conflicts of Interest**

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

#### **No Protections From Investment Company Act Registration**

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

#### **No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law**

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's management believes that the Company is not engaged in the business of providing investment advice for compensation. Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

#### **Control by and Benefits to Insiders**

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

### **Difficulties and Costs of Continuous Offering**

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

### **Certain Charter Provisions**

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

#### **Notes Are Unsecured General Obligations**

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code") also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

#### **Changes in Investment and Financing Policies Without Noteholder Approval**

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's management. The Company's management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

### **Issuance of Additional Debt and Equity Securities**

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

### **Concentration of Loans in Arizona**

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

### **Possible Inadequacy of Allowances for Loan Losses**

The Company's allowance for losses related to the loans is maintained at a level considered adequate by management to absorb anticipated losses, based upon historical experience and upon management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

#### **Broad Management Discretion as to Use of Proceeds**

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

#### **Company Is Exposed to Risks of Being a Lender**

The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.



### **Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans**

In the event the Company decides to foreclose on a real estate loan; legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

### **Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes**

The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

### **Violation of Various Federal, State and Local Laws May Result in Losses**

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

#### **Delays in Liquidation Due to State and Local Laws**

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

#### **An Investment in the Notes May Not Be Consistent With Section 404 of ERISA**

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

#### **There Can Be no Assurance of Confidentiality**

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

#### **Legal Counsel to the Company and Its President Does Not Represent the Noteholders**

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

#### **Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President**

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

#### **Federal Income Tax Risks**

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

## FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

## USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions &amp; Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

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- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.



## PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$2,100,000 was raised from existing and new investors. In 2010, an additional \$2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for

its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

Year	Loans Funded	Loan Value	Value of Loans	Loans Repaid	Loans Repaid Value	Value of Homes Repaid
2001	37	\$3,378,000.00	\$6,393,000.00	15	\$1,452,000.00	\$2,431,000.00
2002	69	\$5,685,000.00	\$878,000.00	66	\$5,267,000.00	\$9,076,300.00
2003	124	\$11,673,000.00	\$1,753,500.00	106	\$963,500.00	\$14,488,500.00
2004	185	\$19,907,000.00	\$30,422,600.00	170	\$17,951,700.00	\$26,939,500.00
2005	236	\$34,955,700.00	\$50,487,300.00	232	\$31,001,940.00	\$45,101,500.00
2006	215	\$34,468,100.00	\$52,784,000.00	212	\$35,301,250.00	\$53,057,200.00
2007	272	\$42,579,634.00	\$65,931,500.00	257	\$41,424,815.00	\$65,482,800.00
2008	304	\$38,864,660.00	\$63,671,300.00	257	\$34,578,755.00	\$56,369,400.00
2009	412	\$41,114,707.00	\$72,078,070.00	349	\$39,416,824.00	\$67,713,100.00
2010	390	\$37,973,097.00	\$63,771,350.00	355	\$37,175,201.00	\$61,666,170.00
*2011	378	\$36,187,995.00	\$62,240,600.00	300	\$29,883,992.00	\$51,004,900.00
		\$306,786,893.00	\$470,411,170.00		\$274,416,977.00	\$453,340,370.00
	2622			2319		
*Through June 30, 2011						

From 2001-2005, all interest due from all loans was collected.

In 2006, one loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, one condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest

was collected on all four loans. One land loan was written off. The loss was absorbed by the Company.

In 2008, one condominium and six homes were sold with minimal principal loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, one condominium and 12 homes were sold with principle loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. The Company also acquired a 12-plex that was a construction loan. This is being rented and managed by a property management firm.

In 2010, one house was sold for a loss. It was acquired through foreclosure in 2009; the loss was absorbed by the Company.

In 2011, three homes were sold for a loss. The losses were absorbed by the Company. There were three homes that were sold for a gain and all interest was paid in full. One loan was foreclosed on, sold at the auction, all principle, interest, late fees and foreclosure fees associated with the sale were collected. One house is presently in escrow, which will close in July, to which a gain will be made.

The Company presently has three condominiums, 12 houses and a 12-plex that are all being rented. A professional management company has been retained to manage these properties. All of these properties are listed to be sold. The rent received is at or slight negative to the cost of capital for the Company. It was Management's decision to retain these properties rather than sell them and take a loss. Now that the market has shown some signs of strengthening, it is believed that these properties can be sold for minimal loss to the Company.

The Company currently has one condominium and one lot that are for sale. The lot is currently be negotiated to be rented by a construction company at the cost of capital. The goal is sell both of these properties as soon as possible.

Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170. The total amount of loans that have funded and closed is \$274,416,977 with home values equaling \$453,340,340. These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

## **MANAGEMENT**

### **Directors and Executive Officers**

The Director and Executive Officer of the Company are: Denny J. Chittick, 4\_, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

### **Real Estate Consultant**

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

### **Employees**

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

### **Contingency Plan in the Event of Death or Disability of Mr. Chittick**

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for thousands of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

### **Management Compensation**

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management - Management Compensation." As the Company expands its lending operations and increases the workload of

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

### **Ownership Compensation**

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

## PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick	500,000	100%
6132 W. Victoria Place		
Chandler, AZ 85226		

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.



## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Ownership**

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

### **Competing Businesses**

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

## DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors – Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

<u>Note Terms (2) (3)</u>			
<u>Note Amount (1)</u>	<u>6 Months</u>	<u>1 Year</u>	<u>2 Years to 5 Years</u>
\$50,000 and up	8% <sup>(4)</sup>	10% <sup>(4)</sup>	12% <sup>(4)</sup>

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

## PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, or any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

### **DETERMINATION OF OFFERING PRICE**

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.



## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

**PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.**

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.

## **U.S. Holders**

### ***Interest***

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

### ***Market Discount***

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

### ***Sale, Exchange or Disposition of Notes***

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

### **Non-U.S. Holders**

#### ***Interest***

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

#### ***Sale, Exchange or Other Disposition of Notes***

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

## **U.S. Federal Estate Taxes**

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

## **U.S. Backup Withholding and Information Reporting**

### ***U.S. Holders***

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

### *Non-U.S. Holders*

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

**THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.**

## INVESTOR SUITABILITY

### General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.



### **Suitability Requirements**

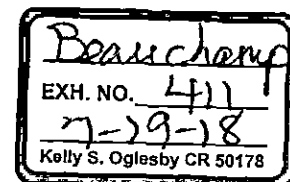
Except as set forth below, each investor must represent in writing that it: (a) is “sophisticated” in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a) (22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

# **Exhibit No. 135**



From: Denny  
To: Beauchamp, David G.  
Subject: Re: How are You?  
Date: Friday, March 13, 2015 7:58:31 PM

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Sure, give me some options on when to meet

Sent from my iPad

On Mar 13, 2015, at 7:53 PM, Beauchamp, David G. <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Denny:

I would like to meet for coffee or lunch (at no charge to you) so we can sit down and talk about how things have progressed for you since last year. I also would like to listen to you about your concerns, and frustrations with how the forbearance settlement and the documentation process was handled. I have thought back to it a lot and I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could. When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees. I planned to call you after about 30 days, but then I let it slip all of last year because I kept putting it off. I even have tried to write you several different emails. but I kept erasing them before I could send them.

I acknowledge that you were justifiably frustrated and upset with the expense and the how the other lenders (and Scott at times) seemed to go against you as you were trying to get things resolved last year for Scott. I have tried to let time pass so that we can discuss if you are willing to move beyond everything that happened and still work with me. If not, I would like you to know that I still respect you, what you have done and I would like to still consider you a friend. You stood up for Scott when he needed it and I truly believe it was more than just a business decision on your part.

Hopefully, you will respond to this email and we can try to talk and catch up.

All the best, David

**David G. Beauchamp**

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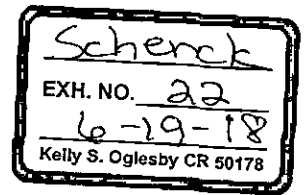
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# **Exhibit No. 136**



2015

#### Goals

- Get Scott down to 5 million and only wholesale
  - Not even close, 28million
- Stay in business
  - So far
- Be profitable
  - Yes, but not really sure it counts
- Get the total portfolio down to 50 million or less
  - Its down to less than 50 million of investor money

1-2

I funded three for Scott, two overages, and then I was supposed to have three retails payoff. I only had one. I hadn't updated the bank info for the two of the payoffs, so they rejected the wires. I'll get them Monday. I had two calls from borrowers from long ago looking for deals. I was basically done by noon. I'll be busy all weekend catching up!

1-5

I funded one deal for Flint and four for Scott. I had 3.3 million in payoffs combo of Scott's wholesale, two retail and two other payoffs from other borrowers. I had a ton of payments. I got the mail; I think I deposited 10 checks. I went to the bank and got all the notaries done. It's spring time, it's time for the deals to start rolling in, and I hope Scott can get the rest of these under contract in the next 90 days! I was super busy getting everything done. I worked 12 hours yesterday which made all the difference in getting caught up. Scott has 58 homes to sell. We do that then we are done with retail, and can concentrate on just paying down the balance.

1-6

I was all caught up going in today. I had a busy day with Scott's stuff, seven deals to fund and nine deals closed. I funded one other deal for Andrew. I've got a few to do this week, not many. I hope the retail sales pick up. The damn burned out house is still three weeks out from being done. Slowest project on earth, these guys use everything as an excuse. The buyer is willing to wait. I can't get John to get this asshole to sign the papers and take over this other house. I hope I can tomorrow.

1-7

It was an all Scott day. I was able to get some renewals done too. I've got a few deals coming to me every day. I've not heard back from Lili yet. So I've got 6 million in cash, I may give some back to Brian if she doesn't take it. I talked to Scott about our plan for the spring. We should be able to sell the remaining 50 or so houses. He's getting 500k on his house, his mother refi, he thinks he has a buyer for his PV house, and should get some money out of Israel. Perhaps some stars will align for us.

1-8

I funded Scott's deals, and then I got a request for Lilli's 2.6 million, so I was drained of cash. Then Scott called wanting to buy a 1.5 million property that he can make 100k on. With the payoffs he has coming and plus Chris Hughes paid me off on 600k today; I think I can swing it. Tom called me late and now he's going to send me back 700k, so I should be good. Mike Swerlyk has a deal for 475k he can't fund, that I will, it's a great LTV I can split between two properties. I'm back to fully invested and Scott's numbers are coming down, another AFG paid off today. They will go up with this 1.5 mill deal but that's just temporary. I hope this weekend that he starts getting properties under contract, we have 58 to go.

1-9

I had a busy day because I had so many closings, I think 11. I funded one new one and then five for Scott. He bought the million dollar house which he says he's making 100k on in 12 days. I'll take that money in a heartbeat. He even got a contract on one of the retail houses, I hope he gets more this weekend. I had a few payments today, still missing a few too.

1-12

It was a quiet day. I only had two deals for Scott, but one was 1.4 million. The one he'll make 100k on. I had a lot of payoffs mostly Scott's. I was going to do a deal where a buyer sells to another and I do the escrow but the doorknob couldn't follow three steps of directions and email me the document in pdf file before he mailed them. I have two new deals to do this week, good ones too.

1-13

I had another quiet day. I funded five deals for Scott and he paid me off on five deals. I had one other funding for a 60k loan on a new guy. This fucking John didn't get shit done with that Haig guy in CA. He now wants to re-finance it. I'm working with another trustee to see if they will foreclose on him.

1-14

It was a quiet day until I had to record a doc for Bennett in Chocoma County. I use simple file. The damn software was working. After I was on the phone for an hour and half, he was making changes to my computer, then we had to reboot and it wasn't working. I had to work for a while then he called back at 3pm, after another 30 mins we got it to work. It's not 6:30 and I'm done. I funded 7 deals for Scott and one for Kyle. I was paid off on six deals. I also finally was able to take care of 3420 W Altadena. John Filipian didn't come back from CA with the signed doc and now he's saying he's going to refi it. This is just getting drug out so badly.

1-15



6

I had a much more productive day. I worked early so I could go to school. I came home and caught up before things got out of hand. I had seven deals for Scott and one for Casa. I was only paid off on five, but same dollar amount. I have a busy day tomorrow for few deals and next week will be busy because of the short week. Harold called, they will be done with the house next Tuesday I called Wade to meet the sup there and walk through tomorrow. We could have this damn thing closed in 2 or three weeks.

1-16

I funded seven deals for scott, and one for another borrower and one for Cyler. I had four payoff, but they were large. Scott paid 100k to the workout too. I only had one payment that I've seen so far, I was expecting more, I'll see them tomorrow. Wade went ot the fire house and said it looked like a palace compared to the what it looked like before. The tile is a hodge podge of shit but it was like that before.

1-20

I did'nt do any work all weekend. I was really busy today. I funded 8 deals for scott he had 6 payoff. I had a ton of payments, we have another rbusy day tomorrow I had a lot of calls but no one won at the auction. I went to lunch with Adam and Nishel. I thought they were going to throw another deal at me, instead they are just frustrated on the lack of deals

1-21

6

I had a busy day from jump, a few calls and scott paid me off on nine deals, I had one other deal payoff. I funded only three for him. I returned funds to Locke's, small amount and the balance to Kirk. With what Bunger told me he's taking back, I can slowly whittle this down as scott pays me back, it might work out ok. He bought a ton today though. I got all my end of year tax stuff done for DenSco, 1099's, state and fed tax payment forms all done by Dave's office.

1-22

I got up early and did all the morning work so I could go to school. it was quiet enough while I was there that when I got back iw as able to catch up pretty quickly. I funded six deals for scott and the paid me off on six. It was busy today, he's got nine for tomorrow. I had a few payments too I can't get anywhere with john and this fucking idiot in CA. it's driving me nuts. I have to find someone to foreclose on him.

1-23

6

I started in the office early and got stuff done beofre I left for the mom's meeting, lousy attendance we only had 13 there. I gave my speel and everyone interacted. I came home and caught up with shit. Wade walked through the house, he said it was good. I didn't hear from Harold I guess he'll want it his money Monday I've got a long weekend ahead doing end of month.

1-26

I funded five deals for scott and I had five deals pay off plus one from Andrew. I had a few payments as well. Scott is going to start to buy more retail to start trying to make 15-30k a house retail to allow him to give him more money to pay down on a weekly basis. His goal is 200k a week, he gets to that, we'll be in much better shape. He'll eat up more cash, but I have a bit of that idle anyway. I nearly have everyone giving me their info for end of month. I spent nearly 10 hours working on it this weekend. I'm almost done.

1-27

I funded two deals for other than scott, with him seven. I was paid off on seven, plus three more, 2 of his old deals. I had a few payments. I've got some deals lined up again for next few days. I'm going to finish end of month, if I could get these people to send me the info back I requested. How hard is it to give me a checking acct number?

1-28

I had five deals for scott and one for Chis. I met dave for tax session for DenSco. I had eight payoffs. All but one from scott. I only had one payment. I did get all the renewals done. I only have three more people to get back to me for info so that I can have everyone moved over to monthly or quarterly payment. I just need to do statements tomorrow night and I'm done.

1-29

I funded one for a new guy and five for scott. He only paid me off on three and I had one other paid off from a new guy. No payments and quiet day. now I'm going to do the statements nad I'll be done.

1-30

I funded seven deals for scott, we had one old deal close, so I had to send a few dollars in for that one. he paid me only 50k of interest but we had two other closings this week that he covered. I had 7 closing from scott and one from another guy. I had a lot of payments. my p/l shows I made 380k but until I have scott's work out loan paid odown, I don't count it as profit!

2-2

I reconciled over the weekend, and I came up correct. It's so easy when it's in one account. All the money in and out today was scott. 1.4 in, 1.7 out. He bought two really good retail deals, hopefully they come back and make some money in the next two months.

2-3

I had a super busy day, scott had 9 deals to fund and paid off on one. but I had seven other deals payoff. I had a few payments. I was all caught up with Sean's father in law came by with some

friends and wanted to know about mybusiness. I had to work a few hours in the evening to catch up. Victor bought to deals, we are negotiating on the down.

2-4

I was really busy all day. I met with Patterson construction and paid him 24k more. I hope to get about 13k back from the insurance company. If I do that and close on the house next week, I should be able to net maybe 10k! at least it's not a loss. I funded nine deals for scott and one for Victor. I had 10 deals close and I had a few payments. I had to do payoffs for scott tonight. The city of Glendale called on past due water bills from 2011! One of them wasn't mine and the other was a tenant. They say they are going to send me to collections.

2-5

I got in here at 6 and got everything done before school. I was able to take care of everything by 3pm. I funded five deals and I had nine deals close. I've got some new deals for next week. the old Easy ones will start closing again next week. he has a lot of retials going on the market too. That should help big time with profits and pay downs of the work out.

2-6

It was a steady day of scott deals, I funded five, but was paid off on 8, plus 100k. Bennett had one payoff too. A few payments. it was quiet in the afternoon so I took a nap since I'm so sick.

2-9

I funded 500k deal for Lili, two for Bennett, one for Maribel and five for Scott. I had a few payments and six payoffs. I am trying to figure out this property with Haig and John. I can't foreclose, he won't refi. Now I have Eric involved. Hopefully he can push john to do something.

2-10

I funded six deals, and I had seven payoff, I had a few payments. I got all my docs sign/notarized for the sale of renata except the Hud is wrong, mostly the HOA of course. Lindsay is beating them up about that now. I'm still fighting with the city of Glendale over water bills from 5 years ago. I've got deals on my desk, hoping to clear them before I leave, but it's not going to happen.

2-11

I funded eight deals for Scott. Two of which are retail. I'm starting to get payoff requests on his now, so we should be able to have a great March, Feb won't be so good. I had to return 200k back to Tom Smith today too. I worked all afternoon basically doing tomorrow today so that I'm ok to leave tomorrow. Shawn is sending me several new deals too.

2-12

Because I did so much prepping from last night, I had no issues today keeping up after being on

the plane. I was able to get set back up and send out some wires before cut off. I did all of today's transactions and most of tomorrow to get ahead of things. Looks like we are going to close Renata and fight out the HOA dues later. I only had Scott Deal's today and one payment.

2-13

Because I had all the prepping last night, I had everything taken care of for today. I had a few more payoffs come in than I was expecting and a few payments. I was able to get set up at my sister's house to do a wire.

2-16

Because it was a holiday, I had one phone call. I worked for hours tonight getting prepared and ready for tomorrow.

2-17

I had everything done last night so while I was traveling things went ok. I landed and had emails and vmails a mile long. I received my payoff on Renata Cir, one less home that I owe. Notwithstanding the lost interest, I netted about 7k. 34<sup>th</sup> Street should close tomorrow, I'll be down 2k, but I've got an insurance check coming for a few more grand. All the other payoffs were from Scott. I opened my mail, I had 20k in interest payments. I worked until 1 am to get caught up. I'm 90% there.

2-18

Because I worked so late last night, I didn't have much more to catch up on. I was busy with normal day stuff, then found some huge recording errors I had made on some of Scott's properties, I fixed all of those. I got all the releases and recordings for the day done. Lili's small 500k deal paid off today. The 34<sup>th</sup> Drive should now close tomorrow. Then all I will own is dirt. I only had one payment that I've seen so far. I moved a property from Brian to Shawn.

2-19

Only had two wholesale to fund and one retail. I had eight payoffs from Scott and the 34<sup>th</sup> Drive burned out house close. Once I get the insurance check next week I can say I didn't lose money. I had a few payments too. I'm concerned with Scott because the whole sale balance is near 20 million and the total is nearly 43 million. We have to get HTI down. I know he's been buying a lot of retail lately, which will help make him money and pay down the balance on the workout but I can't have this much money still growing.

2-20

I got a late start, but it was an easy day. I funded four deals for Scott, an overage to get a payoff on an old one and then a retail property. I had same number of payoffs and a payment. Then just random sill phone calls from people. A missing release from 2005?

2-23

I did end of month all of Sunday afternoon. I just have the statements to do. I had a bit of stressful day. scott was traveling nad wasn't making deposits. I had to wire him out money for today purchases, plus another deal and no money was coming in. I had to move money from my personal acct to cover it. luckily out of the blue Lili deposited 500k in my account. I was all thrilled, then scott made his deposits. Life was good, an hour later I get an email from Tom wanting 2 million out in the next 45 days. I told scott he's got to slow down this whole sale stuff, it's eating too much cash. It's always rising and I can't give him 100% of my money! He's meeting with the gusy on Wedensday see what the plan is.

2-24

I had about the same money come in as out for the wholesale, but I had to send some money out to get a payoff on an old scott deal. I had a few payments and I had two other payoffs. I talked to scott, he's having the meeting tomorrow. Tom gave me a schedule to return 2 million to him. Not what I want to do right now, but it never comes when I want it too.

2-25

It was a good day for payoffs. Scott paid me off on four and I had two others that paid off and more coming next few days. Scott had his meeting, they said it will go up to 22million by end of 2<sup>nd</sup> quarter. Which won't be a problem if he sells a lot of retail properties between now and then. We walked through a few scenarios I think we can make it work. we just need to sell these last 40 properties

2-26

I funded one deal for Shawn and five for scott. He paid me off for six, two from shawn and one from Judith. I had a few payments in too. Scott bought nearly 2 million and only has 1.6 coming intomorrow. I'm going to be tight to be able to return funds to Tom.

2-27

I sent statements out. I didn't have as many payoffs come in as I thought. I should have a lot come in on Monday. I can return the money to Tom that he requested. I hope cash flow improves. I had to do all the deals on my desk but two today, drained me. Plus Chris had one. Scott paid me back 40k more than he borrowed, plus a retial one closed. We have more next week closing too. I had a few payments and lots of stupid phone calls.

3-2

I did no work whats so ever this weeked. Scott did say he got a ton of calls, hopefully we'll get some contracts. Today was busy , all the deals but one on my desk funded today. I barely had the money I needed to return 700k to Tom, wire money in to cover an overage for Scott, wire in for

the deals and then get all the payoffs back in. I'm still missing 4 of them. I had a lot of payments too. I hope tomorrow brings in more payoffs

3-3

I funded six for Scott, I had two big ones pay off for more money then Shawn paid me off on four of them. I had a few payments too. I've got a little bit of cash. I need more, I hope more payoffs come in this week. I went to lunch with Glen. He's quit working and going to live off what I pay him. Add him to the long list of people.

3-4

I funded a bunch for Scott and he paid me off on a bunch. I'm going to hit a serious cash crunch, I don't have hardly anything closing next few weeks. Tom wants more money out and I have to pay my investors interest and my taxes all in the next 30 days.

3-5

I funded six deals for Scott, we had one deal that was old AFG, which paid off. I had to send him 250k to get 325k back! One more done I guess is the best way to look at it. I had 8 payoffs from Scott and one from Roger. I've been turning down deals like crazy so I can do what I need to do. It pisses me off.

3-6

I funded seven deals for Scott, I had six pay off. I had one of Miller's payoff. I had a bunch of payments. I was supposed to meet with one Moises and new borrower but they never showed up. It was a quiet day, which was fine with me.

3-9

It was a quiet day. I funded four deals for Scott, sent Tom back 200k. Scott paid me off on four deals, and I one of Shawn's came in. I funded a new deal for a Cuban gal, that Cathy had already bought. Makes me a little nervous, I'm in it right though. Scott only got one contract, but is expecting at least three more. We need them!

3-10

It was a super quiet day, Aaron's deal out, five others for Scott and four that came in and one payment. I had a lot of phone calls, but nothing of significance. I typed up nearly the entire months renewals!

3-11

I funded four deals for Scott, one for Miller. I bought the food for the party. I got some kinko's stuff done. I got the renewals all done for the month! I had a few payments. I had a pay down payment on 80k on a loan for 230k.

3-12

I funded seven deals for Scott, and one overage, which came back to me. One more AFG deal done. We are down to just 16 that we need contracts on. I had one other payoff from Miller. No payments thought. Dad and I bought all the liquor for party.

3-13

I funded four deals for Scott, I had two pay off and one other deal. A few payments which I'll have to see the deposits to figure out who they are and how much. I'm ready as I can be for this party. At 11pm I got an email from Dave my attorney wanting to meet. He gave me a year to straighten stuff out we'll see what pressure I'm under to report now.

3-14

It started off pretty bad, the food arrived, late and no warming trays, just in tins with tin foil over them. Mo got mad at me. I guess I didn't cover that with him. We heated up the oven and just set it up. I only had three no shows. I only screwed up one name and forgot one spouse name. the time flies by so quickly it's weird. I never think I talk to everyone like I want to or need to. I'm glad it's over.

3-16

I funded five deals for Scott, we had three payoff and one old one. we only have 2 left of the old Chris list of hosues. We have a few more AFG to close this month. I had a few payments over the weekend and today. I've got more in the mail.

3-17

I funded five deals for Scott, I had three that paid off for nearly the same money. I had a few payments. I was thinking that I would have some more payoffs from other deals, but they've moved from Friday, to Monday to who knows now. I'm building up my cash so that I can make sure I've got enough to take care of everyone.

3-18

I had a slow day in the morning then I had a few new deals I might do, I have some cash, but I'm nervous to put the cash out and not have enough to put it out for interest and taxes and for Tom. I only had one payment.

3-19

I funded four deals for scott and one for Jordon, then I was supposed to do another one for Chris but now it's tomorrow. I had no checks come in the mail, buti should have some deposits made today. I didn't have a phone call after 1pm.

3-20

I funded 7 for scott and he paid me off on 5, I thought I would have about 5 more payoffs, none of them came in. I funded one for a new guy, I'm nervous about, but there is tons of room in this house. It's already 80% fixed up too. I had a few payments, I hope a few more appear in my account tomorrow morning.

3-23

I finished end of month yesterday.all I have to do is write the newsletter and do the photos. I should do them today, but I'm not motivatd. I funded four deals for scott, he paid me off on four, I had noather 7 that were supposed to close, but I never received the wires. I had a lot of payments both in the mail at made at the bank.

3-24

I funded four deals for scot and one for Flip. He paid me off on two that was more than I funded I had lunch with Dave beauchamp, I was nervous he was going to put a lot of pressure on me. However, he was thrilled to know where we were at and I told him by April 15<sup>th</sup>, we'll be down to 16 properties with seconds on them, and by the end of june we hope to have all the retail houses sold by then and just doing wholesale. He said he would give me 90 days. I just hope we can sell them all by then and darn near be done with it. I'm going to slow down the whole memorandum process too. Give us as much time as possible to get things in better order.

3-25

I started early after dropping Maxx off, I ran to the bank, and I had a steady day. the best thing was lili 2.7 million deal is going to close 3/31, that will give me the breathing room I'm need right now. I funded 6 deals for scott, hepaid me off on 8. We've got another AFG deal closing tomorrow. He's got two more in escrow, he needs to get more! He did get his dealer license sohe can start selling cars now.

3-26

I funded five, paid off on four, but not the right amount of money. More needs to come in then go out next week, or I'm in trouble with cash. The AFG deal closed, but I found out two others fell out of escrow. I was paid off on a retail one too. I had one payment. I had a lot of requests to fund deals. I'm really low on cash. I am now really hoping that Lili's deal closes tomorrow.

3-27



I funded four deals for scott, 1 for Horizon Max and one for Gary Burleson. I was paid back only on four of Scott's, I had like 5 others supposed to close, none of them did. Lili's big 2.2 million is now supposed to close on Monday. That happens I'm in great shape! At least I'm getting paid back 400k more than I'm putting out for Scott on Monday too

3-30

I did the newsletter yesterday. All I need to do are the statements tonight. I funded 7 deals for scott, he paid me off on five, I had two others close. I've got nearly a dozen that are or were supposed to close between Friday and tomorrow and I have no idea how many are actually going to. Lili's was Friday, then Monday and now maybe tomorrow. I'm so low on cash it is scary. I'll be able to pay interest and return money to Tom. I got another request from Weiskop's want their money back too. It's just goin to get ugly in the next two months.

3-31

All the ACH's went out as they should have. I paid out over 800k of interest. I funded six deals for scott and he paid me off on 11. He paid interest on his workout and I had one other closing. I've got another one coming in the morning and supposedly Lili's too. That comes in and I will have cash to take care of everyone on my desk and tom's request. I had to return 300k to tom too today I was down to my last 200k before I had a few wires come in.

4-1

The first wire I received this morning was 2.2 million! I wired Tom another 300k, so he's done for April. He emailed me back saying he may not need anything until june now. I had some other payoffs come in too. I've got two more coming in tomorrow. I was able to clear the back log of requests off my desk. Everyone is happy and I've got money in the bank. I funded 7 deals for scott and he paid me off on five, plus an AFG came in. he got another one under contract too.

4-2

I funded five deals for scott, one for Rodney and one for Shawn. I was paid off on one of Cyler's plus three of Scott's. I'm still growing in dollars with scott on the wholesale. It needs to peak this quarter and reverse! I had a few payments I decided to except some money in even though I'm flush right now I'm taking him 500k from Adam/Nishel. I can give it back when I want and I know they will want it back at some point before too long.

4-3

I funded five for Scott, I had two others to do for Chuck and Rodney. I had a few payments come in and scott paid me off on five deals. I was supposed to have another one of Rodney's pay off but I never saw it. it was areally quiet being good Friday I met Nihad and family for early dinner. Great to see him and meet his kids.

4-6

I funded five for scott, he paid me off on three. I had one deal payoff for Rodney and another small 15k on from john. I only had onepayment. It was quiet day except a lady callingme about a house that scott bought at the auction. I'll have to call her back tomorrow. I funded a deal for Barry, I'm sure he'll be paying me back quickly. Miler bought one at the auction too.

4-7

Flint's deals finally closed, probably 2 weeks after when they said it would. It was even my bank! I funded one deal for miller and four for scott. He paid me off on four too. But for not as much money. I didn't have anpayments and hardly any calls.

4-8

I funded five for scott and was paid off on four, plus one of Shawn's and then one of the old AFG's was paid off today too. He's got a bunch of them on the market and rehab now By next week, there should be about a dozen more on the market. We'll really start moving these darn things. I met with Flip's partner out of CA. More armenians'! I swear these guys do a lot of real estates tranacstions over here.

4-9

I got the payoff form the land deal that roger stuck me with. It's been over a 15 months, but I've finally sold all of them the stuff he stuck me with. I lost about 100k on him. I funded four deals for scott he paid me off on 6. I had a few payments and a few payoff requests. I wired him less than he's paying me off tomorrow. Damn good thing. I've got deals starting to stack up and I need cash. Plus next week I have to make the tax payments!

4-10

I funded four, paid off on seven for scott. One more came in Aaron, I have another that closed but not in time for the wire. I had a few payments. I'm getting a few deals lined up for next week, but I have to conserve cash for paying my taxes!

4-13

I funded four deal, it should have been 5, but the bnak fucked up and didn't release one of the wires. Scott paid me back on only five deals an di had one of Victors payoff. I had a few paymentns too.

4-14

A real quiet day. I've got a 400k payoff coming next week, but I had requests for 300k today for the money. I harldy have any more payoffs coming in the next two weeks, so things have to be slow. Scott says he's got houses going on the market nearly every day. we have to sell 48 total houses. He's got maybe 10 that are empty, clean and on the market not under contract. By the

6  
end of next week, we'll have twice that. Then the contracts start coming in droves we hope. Just this evening, we got three accepted contracts, I hope this pace continues briskly!

4-15

The contracts rolled in last night and this morning, four more! Now it's just a matter of putting them on the market. I funded two for Mike Moore, seven for Scott. I was paid off on six from Scott, plus an old AFG. I've got a few others supposed to close tomorrow. May is going to be a busy month for selling off these remaining properties.

4-16

It was a slow day. I funded one for Minh, six for Scott, he paid me off on four, plus I had two more that paid off, so I'm up to 4.6 million in cash, which is great! I had just one payment that I'm aware of. I've got a few deals to fund other than Scott's in the next few days. I just hope he lists more and we have more contracts this weekend.

4-17

I funded two small deals and then five deals for Scott. He paid me off on three, plus I had one old one from Izabela paid off. I was expecting a lot of mail with checks, got none. Scott has another 1/2 dozen properties listed for this weekend. I hope more will get under contract. It will take three weeks to get all of them done. But they are getting under contract as quickly as he lists them.

6  
4-18

I funded five for Scott, I had four payoff. I had 1/2 dozen checks come in over the weekend. I'll have nearly 100k after Wednesday. He's also paying his principle down, 30k. I funded one deal for Shawn. I've got a bunch of deals to fund next few days and very little money coming in. Scott received another contract today, we are hoping for three more next day or two. He's got 7 more going on the market this week.

4-21

I funded two for Scott and he paid me off on 400k more than I funded him. Which is great! I had a few payments. I typed docs for a few deals too. He got another contract too. He thinks he's getting two more and 7 more houses are going on the market before this weekend. We are down to 39.

4-22

I funded four deals for Scott, one for Shawn and then returned 1/4 of the money that Nishel invested with me. He did exactly what I thought he would, need it before the time frame, in less than 2 weeks! I had a few payments. I had some payoffs that weren't Scott's too. I should have some more tomorrow.

4-23

I funded four for scott and two more for others. I have another two more for others tomorrow I had built up my cash to 5 million, I figured I would put some to work. now scott tells me tonight he's got 2 million he's sitting on for me to fund, he's been holding back on me! There goes my money! I have deals to fund next week, end of month, I'm back in a fucking cash crunch again! I'm going to sit here tonight and do end of month.

4-24

I funded two deals for shawn and a new guy, 40 LTV, I figured it was worth the risk. I had a few payemtns. I ran up to scott's to get the interest payment for yesterday. I had my mom's meeting. We had a super low turn out and I'm embarrassed by it, I need to get more people to go. Jeff and Tony came up from Tucson too. I had three payoff of Scott's and two others. One really old one from three years ago from the CA Armenian boys. We have a lot closing next week, I hope this is another busy retail weekend.

4-27

I was busy as hell this morning. Scott had eight deals, Eriv V had three, then Maribel had one. Scott paid me off on 11. I ran to meet Mike Swerlyk for lunch, he forgot, I came home right away, wasted 45 mins on that trip. I had one of Scott's old ones were supposed to close, they didn't get the wire to me. I had a few payments. one of the deals I thought was going to close go pushed, so I might break even this month. Scott is giving me more cash for interest Wednesday.

4-28

I funded four for scott and he paid me off on ½ dozen. I funded two other too. I have three or four others to fund tomorrow. I had no payments, at least that I can see. I had a rude man call me about a recording that we did on his property. He called scott and put such a scare in to him that we are changing the paperwork to record.

4-29

Ran to the bank to pickup the checks for Victor. It took me a few hours to catch up. I funded nine deals today. Four were other than scotts. I screwed up one of them too. I wired the wrong dollar amount and wrong docs, no one caught it until they were ready to record. I had some payoffs from scott and the principle payment. One payment was made so far today. I 've got a few I'm chasing right now. It will be busy night doing end of month again. the next two days will be really busy.

4-30

End of month went off with a problem. I funded a bunch of deals for other people besides scott and I've dropped by cash by 1.5 million. Scott's has nearly 4 million closing in May of retail stuff. I can't wait to see that drop off. now if he could start paying down the balance more. I

made a whopping 40k, might be 50k if people made their payments. that's because scott had paid me so much in cash this month. I don't think that will be repeated.

5-1

I only had two of the 5 deals that were supposed to close close. Scott's deals closed the same as he borrowed. I had a few payments. I was reconciling my account and someone paid their insurance with my bank info. that's the best I can figure out. One of scott's AFG's paid off today too. Next week will be slo, then after that the whole month will roll.

5-4

I funded four deals fro scott and I had four payoff. I had a bunch of payment Saturday and Monday come in. Tom now wants 500k back this week. he said not until June! Plus I have to return 250k to the Wieskopf's too. I need a ton of deals to close to do this.

5-5

I got one payoff in I was wanting, Ivory Ln, these small deals from the Hispanics, I'm glad to see get paid off. they are always late and don't pay their insurance, Moises I don't think I'll be doing more of these. I funded seven for scott he paid me off on five. I got an email from the bank saying my wires are large and my balances are low. It will go up soon, as these payoffs start rolling in. I just sent payoffs to Kenny for five properties, 4 of which close next week.

5-6

I funded six for scott, he paid me off on 7 and then I had an old one payoff too. I had a few payments too. we met in the morning for exchange of payments for interest. I've got a lot of closing next few days to build up my cash again. then next week, we start having lots of closings of his old ones, nearly every other day.

5-7

I funded seven for Scott, he paid me off on four, plus paid his payment for the workout. I had a few payments. I had three closing that were supposed to happen, none of them did. I have perhaps as many as 5 to 7 tomorrow. Lili called needing funds, I can't get them to her Tom suddenly wants another 500k out. Adam never got me the 750k he had said he would send.

5-8

I funded seven deals for scott, he paid me off on five, then I had three more close, which is getting my cash up. I had another 700k, supposed to close but didn't. Adam didn't bring me the 750k he said he would. I hope Monday will deliver.

5-11

I funded seven deals for Scott, one for Bennett. I had five payoff from Scott, one from Victor and one old one from Scott. I had a few payments too. I'm starting to build up my cash again, and of course, the 750k that Adam said he would send last week, is now 450k maybe next week. I have to start returning money to Tom again too. plus 250k at the end of the week to Weiskopf's. I hope the payoffs from this week don't get pushed, I don't want to be stretched again. then next week, I've got lots of payoffs coming in.

5-12

I returned 100k to Tom, going to try to do that every day until I'm done. I've got a lot of closes end of the week. I funded six for Scott, he paid me off on four and I had 2 others close. I had nothing else really happen. I've got a few to fund tomorrow, I need these payoffs to start rolling in every day. I want to keep my cash up!

5-13

I returned 100k to Tom, I funded two other deals besides, six for Scott. He paid me off on four. I had a few payments and he paid me his interest and principle payment on the work out. I need to get more closings in to return the funds and maintain my balance. I should have some more tomorrow.

5-14

I funded five for Scott and returned another 100k to Tom, then he requested another 700k. I can't fucking believe it! I told him it would take me a few weeks. I have a lot of Scott's deals closing in the next few weeks that will help. I had three payoffs from other borrowers too. I had a few payments.

5-15

I funded 30k for Eric, returned 250k for Weiskopf's and then funded five deals for Scott. We had to old ones close. One needed some money to cover. Next two weeks we have one to two a day closing every day. Steve Bunker called, wanting money out too! I've got requests now for nearly 3 million! I want to shrink on my terms not theirs! Nishel said, he's going to add 300k not 750k, just what I thought, never can come through at what they say they are going to do. I had a few payments too.

5-18

I funded two large deals for Scott, he paid me off on four. I had a few payments. really quiet day I've got a ton of closings starting Wednesday through the end of the month. I need every one of them to be able to return all the money to people that are requesting it.

5-19

I had some check issue with Scott. His large check didn't clear last night, so he wired more funds off it and then the bank was complaining about no funds. I wired him part of today's buys and that released it, the whole thing took 5 hours. I was able to return 100k more to Tom. With all the payoffs the next few days I should be able to get some more money wired off to all these people. I had one payoff come in I wasn't expecting until next week.

5-20

I funded three for him and one for Bennett. He paid me off on five, I had three others payoff. I returned another 100k to Tom. His first request of 100k is done. Now I'm going to work on returning the Weiskopf's next.

5-21

I funded four deals for Scott. I had four of his payoff, plus one of Victor's. I received my check on the property I took to auction. I got \$1000 more than I was due on principle and costs, so I count that as a victory. I had a few payments made too. Nishel invested 300k more. I'll be able to return some more funds and payoff my investors. I sent 250k back to Weiskopf's today. I still have 1.4 million I need to return.

5-22

I had enough funds to return the rest to the Weiskopf's. I was hoping to return some to Tom or Steve, but I only had two other payoffs come in and they were small. Plus Scott bought 1.6 million. I was scared the wire wouldn't go out because I didn't have enough collected funds. I had a few payments too. I keep turning away good deals because I have to pay these people back first before I put out more money. Next week is going to be nutty, like three a day should close!

5-26

I funded two deals but they were for 1.6 million. I had six deals payoff of Scott's and two others. I had a lot of payments. I'm out to Scott a lot on these damn wholesale deals. I can't wait for that to shrink. We have had so many of deals get moved out to the end of the week. I was hoping to return some more money to the investors that wanted some, but it's going to be either Friday or next week now.

5-27

I funded two deals, Larry and Victor, then four for Scott, one for Shawn, and I had to wire in overage for the deal I got paid off on. It looks like over a million will come in next two days with all the closings Scott has. It's going to cost me some money to get it, but I'll be able to start returning some more money to Tom and Steve.

5-28

I funded three for scott and one for overage, which I got paid back today. One more deal down. Tomorrow we should have 4 or maybe 5 closing of just scott's. I went to lunch with Tom and he wanted another 500k back. I'm going to have a rough time returning all the money that these guys want in a timely manner.

5-29

With scott being in CA for the morning, things didn't go perfectly smoothly but dam near. The interest was paid to the investors. I funded three deals for scott, and thre overages, then I had four of his deals payoff, three of them were AFG's. then I had surprise 400k payoff, so I returned 100k to tom and Steve each. I've got a little cash built up and I've got more closes Monday. I'm just going to turn away deals until I get them paid down, I don't like the stress. I made 275k this month, but I could hardly care. As long as the old deals get closed and hopefully soon, scott can start paying down the damn workout.

6-1

I funded one for Miller nad three for Scott, he paid me off on three. I had a few payments too. it was a quiet afternoon after 20 calls in the morning. a gal came by that I had done a few loans with a few years ago she wants to do them separate from her husband. I talked to her for a little while, gave advice. I talked to scott. He was doing the same thing I was this weekend, trying to figure out if we are going to round the corner on this and how long it's going to take. We talked for nearly 2 hours. he's freaking out. I'm starting to wrose then I was before I spoke to him. With the demans to return all this money to my investors, it's shrinking the avialbe funds to do other deals. It's giving me a cash crunch. I just need to calm down and look at it fresh.

6-2

I didn't sleep half the night trying to figure out how to get out of this situation. The one thing I decided was to defer the interest on the work out so that all payments are made to principle because it's going to rise another million and we need to see that balance go down not up. Then I emailed a few people to see if they wanted to invest with me some more money. I got 100k by noon. We had another AFG close today, darn near got as much money back as I sent! I've been turning down deals left and right! Probably over a million right now!

6-3

Tom requested money back today, I sent him 100k and steve 100k, I was going to send 200k to steve, but tom must really need the money back. I added up all the money that's suppose to come ni and what I have to send out and what I have in the bank, I think I will be ok. It depends on this meeting tomorrow that soctt has. I had the same amount of payoffs and funding for today, but scott paid me 80k in principle payment. I had several payments come in too.

6-4



I only funded deals fro scott and had his payoffs. I had one payment that I saw He had his meeting with the auction.com guys, he pushed back a bit, beucase we can't get any larger with this number. There is no way. We talked for two hours. we've got just 7 more AFG's to sell, then they are done, then 15 more retail that need contracts, about 10 won't be ready to sell for a few weeks to months because of tenants. We can have all retails sold othere then 10 by 7/31, we'l be in good shape. The stress I'm feeling is so overwhelming I feel like I'm going to have an heart attack.

6-5

I went golfing with Dave Preston for a charity event for Queen Creek High School football program. It was raning like crazy all night and most of the morning. I was able to wire from myphone to Scott. I had one more payoff come in. I need to return more money to Tom and Steve.

6-8

I was worried about cash this morning because scott's deals kept getting pushed out from this week. Tom was bugging me about money, then out of the blew a borrower paid me off 265k today. I returned 100k to Tom and 100k to Steve. I didn't have any other payoffs and won't for a few days. I got everything done for today nad I'll be working in to the evening to get everything done for tomorrow. I had a late payment finally come in from one borrower, now everyone is current.

6-9

I had worked so much this past weekend and last night and earlythismorning I thought I was set. I get on the plane no wifi. The gal said it was because we were flying over water. such bullshit. I wasn't able to send a wire to scott, so we are going to have an interesting tomorrow. I had a few phone calls to return and tons of emails. I had to work until nearly 1 to get caught up.

6-10

I woke up at 4:30 HI time so I could get started. I was able to get a great amount of work done before everyone woke up. Because of the screw up from yesterday, I wired him first thing, he wired me back, then I wired again later in the day. we had an AFG close today, plus I had another deal close of Victors. I won't know if i had any payments until tomorrow

6-11

I had a quiet day, I was able to do everything I needed to do before the phone started ringing and the emails came pouring in. of course tom is bugging me about returning funds to him and now Nishel wants money back too I can't wait to be flush with cash. I funded a bunch for scott and he paid off nearly the same dollar amount. I had another payoff from Andrew

6-12

I funded 8 for scott, I returned 100k to tom and to steve, and 100k to Nishel. Then I had one payoff from Rodney. I will be able to return more money to them next week, I have more closings. I just want to get this behind me and build up cash. I'm turning down so many deals. I did fund one for Chris.

6-15

Scott had a big day, 1.6 in and out. He had one deal close but didn't record until 4:30 That will come tomorrow. I had another deal close. I'm getting some cash worked up again, so I can send some more money back this week. I've got 1.3 million closing this week, and 800k next week. if that happens I'll be in great shape. I had a few payments too. I had a few calls on old recordings I had done, I talked to a law firm and a homeowner. I think I took care of both to their satisfaction.

6-16

I had a lot of phone calls in the morning. then I was able to get most things done before we left. I wired from my phone and it worked fine again. I was able once we came back to finish the work for the day. I have enough cash to return more money to tom and steve. I'm going to do it slowly to ensure I can keep everyone happy.

6-17

Scott had another big day, 1.5 million in and out. One of the old retials closed too. we need more contracts though. I had one payment. I'm getting emails that people have sent checks, brian didn't check my mail for them. I don't know why, he always does I'm going to fund a few deals this week. I have to. I also sent back another 100k to each tom and steve. I might do some more friday if I get more in.

6-18

Scott tried to enlarge the wholesale number saying well I'm paying down the workout I can use that for the wholesale. I'm not letting him. That number needs to start dropping! I have to get his number falling, or it's going to be hell with Dave. He's done over 1.5 every day this week! he's been paying off that much too. I had no other payoffs and only one payment. I've got one deal funded today and one tomorrow. Maybe one more if I get a few payoffs in and then I can send tom and steve more money.

6-19

I funded two other deals besides scott's. I got back to my office by 8:15 and got started. I had everything done by 11, then I started catching up. I did some more Friday work and then I worked until 4, napped and worked until 8. I will be spending the whole weekend cathing up.

6-22

It is good to be all caught up again! I funded a few for scott and he paid me off on a few. I did one for Chritmas. I was supposed to have a few payoffs today, only had one via check. I'll have a few tomorrow. I gave Lili 600k for two days, then I'll get it back and be able to return some more to Tom and Steve.

6-23

I funded a few for scott and paid me off the same amount. I had two payoffs for other loans, I'll be able to send 200k each to Tom and Steve tmorrow. I had a lot of payments too. Lili gave me the 600k back today, so that was good. I've got some more deals closing tomorrow.

6-23

Scott is doing over a 1.5 million every day, thankfully I have enough money to do it. he's paying me back nearly on the same level each day. I had a one payoff other than his today. I've got a lot more palnned, but they keep getting moved out. I had a few payments. I allowed Pete Rzonca to invest 75k today. I wired out another 100k each to tom and steve. I've nearly got htem taken care of. Of course now Adam wants 100k too.

6-25

I did eight deals for scott, I was paid off on one of his retails. I'm getting another one tomorrow. I thought I was getting 200k back, I didn't realize I needed to come in with 100k. but it's one more retail gone. He got two more under contract too. down to 22 left of retails and only 7 AFG's.

6-26

I funded seven deals fro scott. We had two more retails close, one was an AFG. The other wasn't, but both needed money. We are just knocking them off the list. I had a ton of payments made today too. Scott is headed in for surgery Monday so he'll be out of contact. Hopefully things go well. Then at 6pm I had the bank call saying they are holding a check because his signature doesn't look right. I called him he said the ink in the pen died so he had to re-do it. we are just going to change to large wires day after and that should solve the problem.

6-29

I funded 8 deals fro scott and had 6 payoff. The dollars are getting out of wack again, he promises they will get back once he gets out of surgery this week. I hope it went well for him today. He's treating it like a teeth cleaning. I had a few payments. I got the ACH issue resolved so the tpayments go out tomorrow. I need to do statements today and I'm done. I spent the entire Saturday doing end of quarter.

6-30

I funded out 1.5, and he paid me off on million. the wholesale tis over 24million now. He better get the damn thing down, I can't fund the deals I have on my desk now because he's sucked so much money up. One AFG deal did close today. I've got 3 other deals that were supposed to close and didn't. on the P/L I was profitable. I will continue to hold my breath until we get more of this problem resolved.

7-1

I funded and received the same amount from scott. I had one deal close from Bennett and one retail deal I wasn't expecting from Scott to payoff too. I was able to wire back the last of the money to Tom. Now I have just 500k to send back to Steve in the month of july. Adam wants another 100k too. I've got everything prepped to leave. I just need this one 500k payoff to come in so that I can fund a few deals next week.

7-2

I had prepped last night and I got up at 6 to get everything done before I left. I checked to see that the plane had wifi. I was able to send a wire from the plane. I had a lot of emails requesting things, but they call can wait until Sunday night.

7-6

I'm in deep shit. My first phone call was from Tom wanting a million more dollars out. I told him I cuoldnt' do it any time soon. He wasn't happy. All of scott's retail deals got pushed a week to two weeks. All the deals on my desk started needing to be funded. I funded two this morning and one tomorrow. I talked to shawn, he's got a 1/2 dozen deals, none of them I can do. He gave me this I guess I'm not your priority anymore. I'm fucked. I talked to scott he's so moody he's on his meds for pain killer. He says I have to work with him. But he's got nearly all my damn money! I can't even operate the business anymore. He says it has to work on getting it down. He's depressed, he's stressed, he's feeling like shit. I had my investors north Idaho dinner tonight. They all joke with me, "ah you aren't a sham!" " keep the checks coming". I was just sick to my stomach all day and all night. I didn't eat until dinner. Now I need to sleep.

7-7

I'm going about mad. I've not slept in I don't know how manydays. But at least scott go his wiring up and running so now he wired me 300k. which is good. If not, I'm not sure they would have let the 1.6 million wire go backt o him this afternoon. I funded the last deal I'm doing besides flints. I've got deals supposed to close, but none of them do. I'm so low on cash, we are going to have to go back to wiring the dufference instead of the whole thing. He was told by his doctors it will be another week until he's normal. He at least postponed his trip to isreal another week.

7-8

We agreed to send each other the difference. It solves our cash and bank issue. I hate doing it, but I can't sustain this way. I can't keep this much money sitting because he eats it all up. I slept and had a stressless day. I wired him 49k, I have over 2 million in my account I now can start doing these deals I needed to do. I'm getting a few payments in, but no payoffs. They keep saying they are coming.

7-9

I had one call all day. Scott paid me off with 40k of what he was borrowing. I got all the work done I needed to do before heading to the airport. We've got a few deals closing that I wasn't expecting this week. We'll see if they close tomorrow. Once I got back home, I wasn't motivated to start working. It's midnight and I've been here for hours.

7-10

I worked all day to catch up and nearly did. Scott had my oldest loan payoff, which is good. Then a big dollar one villa Rita for 490k. We had one more but there is a dispute with the HUD. It's an AFG. I'll spend the weekend finishing catching up. But I'm done now.

7-13

I worked until I had everything caught up on Saturday. I wasn't motivated enough to get a jump on investor renewals. I'll do them this week. It was a busy morning, but quiet afternoon. Scott had to wire me again, just 40k or so. We are moving down. His other closes aren't happening, but a few new ones are coming up. He's only got one property under contract in a month I think. I had a few payments made. I'm starting to fund a few other deals too.

7-14

It was a quiet day. I funded as many deals as I got back from Scott. But I had to wire him 250k today. Pissed me off, we had worked down the balance then boom! Up again! I funded a deal for Kirk. I'm going to keep working my cash down. I need to return more money to Steve too.

7-15

The numbers were way off today, the wholesale number is over 25 million now. I'm so uncomfortable about it. It better reverse by Friday. We had another AFG close, but I screwed up the wire. I'll get it tomorrow. I've got a few others closing tomorrow too. I can build up my cash again.

7-16

Scott paid down a little of his wholesale number, it's still huge! Two of his deals paid off for a total of 630k, but I had to forward 420k to get it. Two more old deals gone, one of them AFG. We've got another 4 or 5 for this month. Then nothing hardly because he's got nothing under contract. I set up the mom's meeting. We'll see how many show up. I received in two payments

from a guy that is croniclly late, he says now the house is in escrow I hope I get paid off, I'll lend to him again. John May wants me to do a deal with him for wholesaling. I said I would start with him and see how it goes Lili called for a payoff of all her loans. She does that I can return funds to Steve and start on Tom. It's over 800k total.

7-17

The funding was about 50k against me today. I had two other deals close. I was able to send back another 100k to steve. If lilie pays me off Monday I can take care of the rest. I have a ton of deals lined up for Monday I have more closings Monday too. I talked to scott for the first time in two weeks. He just ran on and on about being audited by the ADOT. The bank complained to me about Victor going in to the bank and being rude. I guess it's my fault.

7-20

I funded two deals other than scotts, he wired me about 30k going down. I had one other payoff and a few payments. Lili paid me off on everything today. All 800k plus I can payoff steve and send some money to Tom plus put some money in the kitty. It's good to get a little cash rich for once!

7-21

I was able to send Steve back 300k and Tom back 100k. Steve is now taking care of. Now I have 900k more to go on Tom. I'm going to send it to him slowly because I want to keep cash and be able to fund deals and get things more equal. I had no other deals but Scott's today, I've got a few more lined up for the week though. His retail closings keep getting pushed out. Just need a few more under contract and we'll have another ½ dozen closed by month end.

7-22

I had a super busy day! scott had the same number in as out. I did two for Victor, one for John May, one for Barry and I have two more lined up for tomorrow. i could have done one of them today if Maribel was more clear on her instructions. I'm pushing my cash down, but I'm just a little under 2 million. I have some payoffs the next few days and very little left on my desk.

7-23

I funded two extra deals besides Scott's and I had one of the wholesale deals close from John. It was a much quieter day. I'm getting my cash low, I need to get some payoffs coming in. I'm hoping some tomorrow.

7-24

It wasn't super busy today, however, none of the payoffs that were supposed to come back today did. now I've got two more on my desk, with promises that they'll be back next day I turned one down, nothing added up on the deal. I wired scott 150k, he said he'll reverse it next week, he

says that every week. he left for isreal. I hope something comes from it. he's been there 4 times trying to get something out of these guys. I'm not even sure I know the whole story. We had our Mom's meeting. We had 15 committ and 12 show up. Still a good meeting as far as interaction and communication. I had a few payments come in too. this weekend is end of month!

7-27

Finally I had a big reversal scott wired me 140k. plus he had a retail deal 300k close too. He finally had his balance go down. I funded another John May deal, I should have one of his payoff tomorrow. I had a lot of payments too.

7-28

I had to wire scott 83k, never two days in a row does he wire me large amounts. He's trying to get something negotiated with this asshole in Isreal. I wonder if we'll ever seen any money. I had a supposed 24 hour deal come back to me finally today, it took a week. I had one other deal loose of bennet's. I'm building a little cash, but I have hardly anything closing in the month of august. I'm a little nervous looking forward. I've got 800k, should come in this week. but I have 600k I have to fund.

7-29

Scott only bought 2 and had five payoffs, he wired me 73k. the balance has only gone up 140k for the month, so hopefully now it will start falling. I had a few payments. the best thing is I had some surprise payoff requests, if those come in before Friday I'll be in better shape for next week.

7-30

I funded four for scott and he paid me off on 6. Plus I had to wire to him 66k. there goes the balance up again. I had one of his old loans payoff though. I have a few deals to fund tomorrow and I have a lot that are supposed to come back tome, we'll see how many do. Now I just have to do the statements and I'm done.

7-31

I didn't get a single freaking payoff today. Even ones I thought were coming didn't come. Then I lost my temper with Cyler. He said he was wiring two deals to me tomorrow, didn't, he wouldn't respond to me. I'm like you want to know if I have cash, well you are causing the problems for me not knowing. He and his wife understand now. Scott got back thank goodness. I had it out with him again about the balance on the this bullshit wholesale thing going up. He thinks I'm wrong, I'm not. I told him no more. He had better stick to it. I've got too many good deals to fund and I need to get his balance down! I ended the month with 272k profit. Which is bullshit in my head until we make headway with scott's balance. Plus there is no way I'm paying a huge number in taxes again this year!

8-3

I had a quiet day. I funded two other deals besides Scott's. the 3 -5 deals that were supposed to close 7/31 to 8/3, none of them did, now they are all pushed to the end of the week. I've got so many deals coming at me right now. Scott's wholesale balance is under 25 million, it will go over it tomorrow though.

8-4

Another quiet day Scott wired me more money, but the balance went up Tomorrow should be interesting to see if any of these damn things close. Clyer paid me off on one deal. I've got 1.4 million supposed to close between now and Monday, yet they are the same 1.4 million from last Friday.

8-5

Another super quiet day besides, Tom calling me whining he needs his money back for his money pit house. I sent him 100k so he's happy. I had to give him 250k too I'm down to less than a million and I have 1/2 of it need to go out by Friday. I have 1.5 supposed to come in but that's the story of my damn life.

8-6

Another quiet day, except 2 calls from people wondering why I have a loan on their house and one email from an escrow officer for the same reason. I received no payoffs today, I've not seen so many deals get postponed so often in a long time. I'm now below a million in cash, hopefully something will come in tomorrow.

8-7

I funded another deal of John May, I only had one deal pay off. I had 1.4 million supposed to payoff last Friday, so far 75k has come in. I'm down to less than 500k total in cash. I should have a lot coming in next week, but that's what I thought last week. At least the balance on the wholesale came down this week a bit. I had a few payments come in too. I only have one small deal on my desk to fund next week. which is good because I've got nothing else to give.

8-10

I had one lousy close, I found out that one close was bringing me 335k is only going to give me 180k, because it's heavily in debt. I'm down to 700k, I need to get back to 1.5 million. I've got to send money back to Tom, Tony is going to want some, all these closes are getting postponed, and I've got nothing closing second half of the month.

8-11



I had a better day, I had two payoffs, my cash is back up to nearly 1 million. I have some confirmed dates on some more closing this week. I'm nearly through my stack of deals on my desk too. if I can get scott to pay down some of his overage, that would be good too

8-12

I had a surprise payoff from Barry for 200k, which was great. I wired 95k to Mike Busby on his deal. The difference between scott's buys and payoffs was only 27k. I had a few payments made. Adam had asked I speak to his friend that wants to invest 200k. I don't want to take any investors, but I need the money so that I can return it to Tom. I'll meet with him tomorrow.

8-13

Dollar in and out for scott were the same, 38k up. I met with a friend of Adam's he invested 100k. I had to send 100k to Tom. I had a bunch of payments made. I've got a few more payoff requests, so that's good. I need more money in.

8-14

I got in to one of my funks and thinking about densco and this mess with scott and I couldn't sleep all night. The balance on wholesale is going down 500k Monday, I'm sure it will be back up next week. we exchanged emails all day never talked. He's all stressed and telling me just give him 2 million more and he'll be able to make more money. But he's not paid me in months and eh says he's using the money to get collision center up, I don't know what to believe. I had one 30k close today, nothing else closed. I turned away a good deal that I would have loved to fund, but I can't. I did get a bunch of payments in but I need scott's stuff to sell.

8-17

The balance for wholesale went down by nearly 500k. but that doesn't mean much, it will go back up by weeks end I'm sure. I still haven't received any other payoffs, tom beating me up about getting more money out to him this week. I hope I get some damn payoffs this week.

8-18

In and outs were the same for Scott, but we did have an AFG close, one more down. He got a contract on one last night too. we are down to 6. We have another 5 that should close by end of month. But hardly anything in the queue behind it. I wired some money to Tom today. He was happy. I had a 200k deal close from John May. I should have another one tomorrow too. I prepped all of tomorrow's stuff for tomorrow because I'm going on a field trip. John May paid me a commission, fee, or what ever for those two properties I held cash for him then he pulled them before we closed. I wasn't sure he was going to do it.

8-19

Because I prepped everything last night, when I got back to my office, I wasn't behind. I got a surprise payoff and Bennet is supposed to pay off 200k of stuff, but I didn't see it, maybe tomorrow. I had a few payments, cash in and out was same for Scott basically. He called him, he said he's meeting with his accountant and going to call me back with a new plan.

8-20

I had the same in and outs, the wire that was supposed to come in didn't come in, for 88k, they lost the wire. Bennett never answered me, then I talked to Scott. He's 2 million short on getting these guys happy. I don't have it, he's got a week to make them happy. I'm not going to have 2 million coming in. I have 1 million coming in and I'm quite sure that's not all coming. We have a plan going forward but I don't know what we are going to do.

8-21

I have heart palpitations all day today because of stress. I measured my blood pressure and it was 158/110. I had three payoffs finally come in today. I wired Tom back another 100k. I'm down to 400k. I look at things all day long and thought on how to do this. It's mostly going to rely on Scott. I can't come up with more money, it's ridiculous. I even talked to the guys in UT about it. They never make decisions quickly. I'll email Scott later. I don't want to get on a marathon call with him.

8-24

I got a wire in on a deal I wasn't expecting until end of month. Scott sent me the list of props for today, three were utter BS. They had all been either sold at auction, short sale or something. I said, let's skip these, he said he talked with the guys and they said it's a screw up they didn't tell us not to take it to sale. Now he's going to battle with the attorney on it. I'm hoping that I get some more payoffs early this week and they don't all come on Friday and Monday. I'm going to take Belmont payoff as a loss.

8-25

One of Scott's old ones paid off. I adjusted my payoff to only get back what was there, and I deferred the rest so that I would have a write off. I've got enough profits for this year. I had a few payments too. I have to get us past this next week and getting caught up on these old ones he screwed us on and then we'll be in better shape. He's going to pay me 100k a week, instead of paying down the work out. I'm going to payoff of the remaining AFG's which there are only 6 of them. Within two months we will have no more 2<sup>nd</sup> on any loans. Then when they sell, he will get some cash back and that can go towards the work out. I'll defer the interest on the AFG's and that way I'll be first on everything and then start the work out, by the end of the year we'll be in much better shape.

8-26

Scott needed 300k more to pound down this extra deals. I gave him that, probably give him some more tomorrow. I have to keep some cash, I can't go to zero. His deals are getting pushed out, those are the ones I was hoping to fund his stuff on. He's not calling me, just emailing me. He's really unhappy, but I can't deal with the stress that he created!

8-27

One of Scott's retails closed, 340k in the door. I sent it back to him as a wholesale. I don't know how much more he need sto catch up. I don't care. He didn't use any of the suggestion I had, so he can deal with them. I'm fine though I'm really low on cash, I'm missing out on several good deals. But I'll have to continue until I can get my cash back up. I had a few payments today too. Even taking a 60k loss on that property of Scott's I'm going to be darn near 100k positive for the month.

8-28

I didn't get a single payoff and even the one I thought I was going to get didn't come in. the dollars in and out to scott were the same. I'm down to 800k, with 450k to put out Monday. I better get some payoffs coming in or it's going to be ugly. I've turned away 1 million in deals this week I could have done and another million next week.

8-31

All the payments went out and I funded a deal for shawn, so I was down to 350k or so. Then scott gave me a 100k. which I'm applying to Gary Dr., because that is the property he no longer owns because of a recinded sale to which he can't put his hands on the check, even though the people paid him rent the whole time they lived there! Jake paid me off on a property, but nothing else closed. I had a lot of payments. I made about 100k. I need to reduce my profits so I'm going to retroactively change the payments he made to the work out and payoff the remaining AFG laons. This will eliminate them completely. Raise my work out balance, but if he contines to pay me 100k a week and the other AFG loans pay off, they will have equity in them thus giving him more money to pay off the work out. The balance could go down further than it is now and have all the AFG's gone. He did email me that we need to come up with 600k more for these fucking wholesale loans. With him giving me 300k in the next three weeks, I have to come up with the other 300k. howeve,r it's the timeing, I've go so little closing I'm not sure I'll make it. plus I have a 800k payment for interest that's needed to be made at month's end. This is going to be pivtal month.

9-1

The bank requested a lunch with me, I feared it was something bad. It was just a glad handing thanks for business is there anymore I can do for you. I asked them for a credit hne against my retirement account, they agreed, so that will give me enough breathing room to do what I need to do this month. I also got in 100k more from Yusef so that helps. I'm going to have to send 100k to Tom he'll be bugging me soon. Plus I have to come up with 200k more to Scott this week. I

have some payoffs now coming in this week, not sure when though. I asked them for a 1.5 line against my 2 milion CD, they said yes, I'm ok now, I just need it to happen quickly

9-2

I've feeling great all day, I whipped out all the AFG's by reapplying the principle payments to the loans. It made the work out go up by 800k, but I rather be done with the AFG's. now as he sells them he'll have excess cash he can give to me and pay fhte workout off faster. Then at the at end of the day, the bank said, they don't think they can do it because it's a pension and I had to email the company. I didn't hear back. Tony asked for 200k out. Now I'm more stressed then ever. I seriously feel like I'm going to have a heart attack.

9-3

I called Scott. He brought in some short term money for 200k, so that gives me more time. I've got some deals closing next week, but I fear they will be too late in the week. I hate all this fucking pressure. Mean while I'm turning down deal after deal, good deals I would do in a heart beat. I'm pissed. But I have no other choice.

9-4

Super quiet day, I had no payoffs and a few payments. I have a ton of payoffs supposed to come in next week, I hope they do I'm going to need every last one of them. I keep turning down good loans, and it's pissing me off!

9-8

Another day, and no payoffs. I've got so many that are supposed to come in it's silly I need them to come in so that I'm not stressed. I had some payments. money in and out to scott was the same, he did wire me 100k. I paid off the rest of Gary Dr., so that's not lingering any more. It was rescinded, and sold out from under him, he didn't even own it. now all payments will be go the workout. I just need more money to come in so that I can return money to Tom and Tony and start actually funding some damn deals again. I turned down two more good ones today.

9-9

In and out and no payoffs. I had a few payments, I did renwals all afternoon. Next two days will be interesting.

9-10

I finally had my first payoff in nearly 2 weeks. I wired 100k to tom, just 200k more to him and then 150k more to Tony. I had 190k of payoffs cancel. I'm going to be cutting this super close! I talked to Scott for an hour tonight, he's wanting to start flipping home again using AFG money and making more money that way then just paying down principle ont eh workout. I don't doubt he can make money, but I'm not coinvince he's got the time in the day.

9-11

Money in money out, I've got no money left. I'm down to 278k. I can't fucking believe it. I've got a lot that's supposed to close next week. I had better start getting some money in or I'm in big big trouble.

9-14

I got on stupid payoff in for 50k. the other two didn't close. Scott sent me 100k, but the wholesale is up 80 from last week because of interest anyway. I'm not sure how this week is going to go. I need these damn things to close so I can get ahead of things.

9-15

I had one good payoff today, 187k plus a lot of payments. I'm a little better, then I get a fucking email from Bungei wanting to get back 300k! I swear to fucking god it doesn't stop!

9-16

No payoffs, I sent back 50k to tony, hopefully I'll get some in tomorrow and I can return some money to tom. I sent an email out to the investors saying if you wanted to return to compounding interest I would allow it. I only got a few responses and for small dollars, the three big ones didn't respond those were the ones I was hoping for.

9-17

I got a 100k payoff from a shitty borrower that I'll never lend to again, I'm so glad, I sent 100k to tom. Just 100k more to go. The other payoffs of scott's got pushed to next week. it's going to be such a stressful week next week! I hate this! Plus I had to send scott 200k more. I got a lot of emails from investors wanting to go back to accrue, so that's going to save me a lot of cash at the end of this month, maybe 50k or more.

9-18

I had a few more people revert back to accrue and two more offer to send me more money. I hope that it comes next week. I'm down to 400k. I turned away another good deal away, I won't keep track of how many and how much, because it pisses me off too much.

9-21

None of these fucking payoffs are coming in. I got one confirmation that one is closing on thursday. With the email I sent out to the investors, I got all but two of them to switch back to accrue. I was nervous to send it, but they all were glad! It saved me 250k. a few even wanted to add more money. If I can get some of it in, plus save 250k, this could be a 500k swing in my favor. If these fucking deals ever close! Scott wired me 100k. then with is buys and payoffs, he

needed back a 100k. he told me he screwed up the math. I was so damn pissed I almost blew my top

9-22

Scott wired me back oalmost to the dime 100k and change. I swear this is all manufactured I got no payoffs and more move out . I'm getting so worreed. I'm not going to be able to breath this weekend. I truned away aonther million dollars worth of golden deals today too. I just fucking hate this!

9-23

Still no fucking closings. More dates moving in to next week. I couldn't handle it any longer and moved 400k out of my money market account in to my densco account. I hope they don't hold the fucking check for a week. I just can't stand it any longer. I called scott told him how slim it was, he knows, two of the deals are his. I should have something close tomorrow and more Friday, but I've been hoping for that for a week.

9-24

I cant' believe it not a single close today. I even wired tom his last 100k, he's totally done now. He no longer has any money with me. I received 32k from scott on the in and out. If he wires me his 100k Monday, I'll have enough ot make end o fmonth interest and that's it. I have 1.9 million supposed to close next week.

9-28

I finally got a close in for 150k, plus scott's 100k, so now I have enough to cover my interest and I can fund a deal. I finished end of month, all but the statements. I hpe more money comes in soon so I can start funding deals.

9-29

I had no payoffs today, two scheduled, both pushed. I've got enough to cover my interest and fund one deal. I have had lots of payments, but this payoff thing is stupid now. 1.6 million should close this week. every day I get another stupid email about how it is getting pushed off another day.

9-30

I received one payoff for 57k. if I hadn't moved my interest from quarterly to accrue I would have been fucked, compleltey. I've still got 1.5 million supposed to close the rest of the week, we'll see what happens. I funded one deal today, second one of the month. I've got ½ dozen deals to fund next week. Barry called me wanting me to think about turning over the company to

him when I quit rather than closing it down. I told him I would consider it. it's still many years away and I have to get this scott thing behind me, a long ways behind me.

10-1

I had one close finally today for 187k, I know I have about 250k coming tomorrow, could be twice that. I am past my cash crunch now I just have to get in the payoffs and start doling them out to the right people and hopefully get in enough money to return the 400k to my cash account. i talked to Kirk, he lost his ass on the penny stock I warned him about, he now is going to invest back what he has with me which is only a few hundred k after having nearly 2 million with me.

10-2

I was able to send 100k to Bunger, then he requested 500k more! I cant' fucking believe this shit. I'm so glad they are committed to investing money with me! Mary Kent sent me 100k so I'll send another 100k to him next week. I had one 180k payoff come in so that helped. I still have another 250k that was supposed to close today. I hope they will come Monday. I've got 1.2 million supposed to close next week. same shit that was supposed to close 2 weeks ago!

10-5

The two deals I thought were to close Friday, should have closed today both got postponed until next week. then Tom called me wanting to clear out his kids trust accounts because the sale on his plane fell through. I told him it wouldn't be soon, I have 800k to send back to Bunger first. He wasn't happy, but that's not my problem. scott only wired me 50k, promised to send 150k next week. I had lots of payments but other wise, nothing much happened.

10-6

The Vermont house of Chant's is done. Medel spread the rock, but now the damn key is missing from the lockbox, never ending fun. I funded one deal for Jace/Mike, which he should have a payoff off on one soon and then pay me off on two others soon too. I found out two long loans are getting refi'ed this month. Riccardo my other problem loan is closing tomorrow, which is great. I don't have any deal to fund, but I'm building up cash to return to investors, which is just treading water.

10-7

I had three surprise payoffs Riccardo paid his loan off, I still got a bill for \$405 from the trustee, but I'm just glad it's gone. Chris hughes paid me off on two deals, I wasn't expecting. I paid back Bunger 200k. I've still got lots closing next two days, see if anything comes in or not.

10-8

Money in and out to Scott was the same as yesterday. I did get confirmation on Lili's payoff for next week, which is great, 250k. I also found out my last problem loan of 40k is getting paid off tomorrow. They didn't even have my lien listed on the title report, but I talked to escrow and got it straightened out. I should have another payoff or two tomorrow. Next week should be the break through week of payoffs.

10-9

It was a slow day, which is what I wanted, I received one payoff for 50k. I have so many that are due. I was able to get everything done so I could leave.

10-12

I had a ½ dozen payoff requests over the weekend. I know have about 2.6 million supposed to close by month end. Which is great, because I need it all to return money to people and start funding this business. I talked to Scott, his wife, drained 1.7 million from his bank account and left him. Now we are fucked again. I don't even know what we are going to do. I'm so sick of this shit, we go from one crisis to another, I can't fucking believe this. Just when things finally are going right, now this! It was a holiday so all I did was send payoff requests and nothing else.

10-13

Scott didn't get the money back from his wife, he went to NY to try to retrieve it. he was to wire me 200k today! I did get a few payoffs I was expecting, I sent Burger back some money and committed to a deal later this week. I should have some more payoffs coming in too. I have 1.3 million in my account, boy that feels good.

10-14

I had a bunch more payoffs today, my cash is up to 1.6 million god this feels good, if Scott can straighten out his shit, I'll have 200k more plus I've got more payoffs coming the rest of the week. he's supposed to get this Las Vegas guy to take some of the wholesale too, which would lower my exposure to him too. he's in NY trying to get the money out of her.

10-15

I had no payoffs today, but I did fund a deal! Feels good to be able to do that. I've got another one to do tomorrow. Scott wasn't successful and so I have no idea what we are going to do. Right literally the night before we are going to turn the corner, pay down more line, payoff a house everything going in the right direction, this bullshit happens. Now he's got a hearing with a judge on Monday. Who knows how that will go!

10-16



I had one payoff, and funded one, scott's in and outs were smiliar. I talked him, he's back, made no headway with her. He's got a hearing on Monday. I have no idea how that will go. He better get his shit straight soon.

10-19

I had one small payoff and a payment, ins and outs were wrong about 35k plus interest, we better have it right this week. soctt spent all day at the court dealing with his bullshit wife. The judge said the money had to be put in an escrow account for 30 days. Which gets us no where. I can't fucking believe this.

10-20

Scott says now he's meeting with his wife on Friday and hopefully going to figure it out. I'm loosing my faith in this, if it goes to lawyers and judges it will never get resolved. I had two payoffs, one of them scott's old deals. I took a 4k loss on it and no interest because he's got no money to close it. I've got another one to close tomorrow, same thing. I had another close and I was able to return money to Bunker today. I funded a deal too I have another one to fund tomorrow too.

10-21

I recieved in another payoff from scott's old ones, 290k worth. We only have 10 proprerties left and two of them are in escrow. He just needs to figure out this nightmare with his wife so he can pay me down som e money! I funded a deal for JBM. I've got a million out to him now I hope they start paying me back, they are wholesale, they seem to last a longer time.

10-22

I turned down a 500k deal even though I've got 1.6 in the bank. I'm not sure all these deals are going to close next week and I don't want to go down below a million in my account. The day was quiet, ins and outs were similar. Not many calls.

10-23

I had no payoffs and only one payment. In and outs were 3k difference and huge. Though I'm down ofcourse the interest. Scott is meeting with wife tonight or tomorrow I just pray he gets the money back from her so he can start paying down the dman line again and we can operate properly. I went ot lunch with Doriann. She wants to invest 50k or so. I said yes. I returned 100k to tom today. I've got 200k more to go to he and steve and then I'm done, until tom wants the next 200k from his other kids fund.

10-26

I decided to wire the last 100k to each tom and steve, just because I wanted it off my list. I still have 1.3 million in my account. I have two more deals supposed to close on Friday I don't think

all of them will, but I'm sure some of them will. I've got one deal on my desk, so I'm fine. they would have been excepting it this week anyways. I did end of month this weekend. All I have to do are the statements. I'll do them Thursday night. Scot talked to his wife this weekend, no break, but says she's getting close. I don't know if I have any faith in this whole thing at all.

10-27

I had no payoffs and only one payment. It looks like I've got a few payoffs for Friday committed, it should be interesting. I've been recruiting buorrowers to come ot my MOM's meeting, because we have so few people showing up! I have damn near as many investors as borrowers coming!

10-28

Ins and outs were the roughly the same. Unlike yesterday where it was in my favor 100k. which in nearly 2 years had never happened. I sent aonther payoff ro 300k for Friday. Now the five deals I thought would close Friday aren't going to. It will be an interesting firday.

10-29

I got one payoff today, I should have a few tomorrow I was thinking gosh I'm not getting any calls for deals. Then Victor bought one, Chris, and Judith. Then Eric called wanting 750k. poof all my cash is gone. I hope now that Villaverde's properties close.

10-30

I had a few payments and one payoff. I shoul hdave two, but they missed the cut off time. I funded two deals, one for Victor and one for Judith. I've got another two to fund Monday, so I need the money back in. I had my mom's meeting. We had our biggest turn out of the year. Mainly because I added several people because I had a few investors coming and I didn't want it to look empty. One guy was beating me up on how much I was lending out who has all the money etc. one of my investors called nad said her husband died earlier this month. Herb Cohen was his name. I really liked him. She was emotional and I made her laugh a bit and made her cry a bit. She'll have a rough go of it for a while. Scott's deal didn't close, I fear it's going to cxl. He's still struggling to get the money out of his wife and he's getting people upset at him because he's short cash.

11-2

I never turned on my computer the whole weekend. I had two payoffs and which was great, I funded two deals and then I had a strange call from Jemma Kopel. She tells me he's got pancreatic cancer and she wants her money back, then in a trust, then her interest. Then she cries and puts Roy on the phone. He thinks it's best if I just send them their money back. After two more phone calls and I mail them a check I told Dave to call them. Scott thikns he's neogitated with his wife to give back 1.3 million if she does that we'l be able to right the ship. But now it's not until Friday she has to talk to her lawyer. Just utter bullshit.

11-3

Ins and outs were off by a long ways, says it will go the other direction tomorrow. I really hate this. I gave 200k to Eric Weinbrenner, Roger paid me off on two of his since he had idle cash. I had some payments made yesterday I didn't know about until today I've got a lot of payoffs coming that go moved to Friday now I hate refi's they never come on time. I've got a few deals to fund and i have amillion in the bnak, I would like to get two million but it's got to come from scott, not from my current guys paying me off. he's got three properties now under contract and maybe a fourth. All supposed to close this month.

11-4

I spent last night doing the reconciliation. Between scott and I we were off just a few 100, so I wired him the amount this morning. October is done. Now we have to wait for Friday to see if his wife's attorney will agree. I received in another 87k payoff that was 2 weeks late. Eric needed another 150k for tomorrow. Shawn had 250k worth of payoffs for Friday. Villaverde's refi's are supposed to close Friday too, but that's what they said for 10 days. I had a few payments nad DoriAnn sent me 50k more for investment.

11-5

I funded one deal for Cyler and I have two more to do next week. I have 1.5 million supposed to close tomorrow We'll see if it actually happens. I won't mind if it does, I can redistribute the cash. I'm just hoping tomorrow is a godo day for scott and his wife!

11-6

I funded one deal today. I had 8 deals supposed to close, only two closed. I have another 7 or 8 to close Monday now. I'm supposed to hear from scott to see if his wife is going to give back to him the money she took. It's 5 and I've not heard.

11-9

I talked to scott he got no where with his wife. We are going to have to wait until the 23<sup>rd</sup> now he won't be selling his house either He's meeting with this vegas guy Wednesday. I hope to hell he takes some over flow to catch thissshit up and get some mfunds back to me I onlyhad one 33k payoff. The other five never came. Tom wants the last of his 200k from his kids trust fund too. at least this is the last of the money he has with me.

11-10

Today was payoff day! I had 10 deals payoff today besides scott's 10 deals. Now I have hardly anything closing this month! Scott has another one his deals sold, close in two weeks, for a loss. But it's one less house! I had a gal call me that wanted 200k against her house down here that's

worth 500k, I decided to take that one on. Eric wants more money too. but I'm going to be slow with him on that. I've got to spread my money around.

11-11

I worked ½ the day, since the bakns weren't opoen it was pretty darn quiet. I just did all the renewals.

11-12

Again a quiet day. other than scott's insurance agent calling me telling me they are about to cxl all his policies because of nonpayment. Scott's wife, brought him the baby and said she can't handle it and left. I have no idea what's going on. I've got some payoffs coming tormorrw. I'm turning down deals so that I can build cash. Tony Burdett emailed me asking how many loans, dollars and ave laon term I had. I don't know why he asked.

11-13

I funded one deal, the same deal, different borrower to get back a payoff. Victor sold a house to John May. I lined up a deal for a guy to buy one of scott's houses next week too. scott moved his meeting from today to next week. his wife hasn't reappeared and now he's got the baby. I hope she doesn't disappear with the money!

11-16

Scott had his meeting today, now the fucking day is December 19<sup>th</sup>! This will never fucking end! His wife is really lost it, he can't have a conversation with her, he's going to commit her tomorrow. I can't believe thisis what is happening. We need that 1.7 million back and his wife is iin the looney bin.

11-17

I funded one deal for Victor, turned in to a circus. I emailed the bank at 5 am to get the check ready. At noon when I was driving to the bank from Ty's field trip, she tried printing the checks and her printer wasn't working. If she would have done it in the morning she would have known and I wouldn't have had to drive out the mesa to another branch. Victor came by and signed later at the house. Scott got his wife some medicine and to stay at her parents house. Hopefully she comes back to this world soon! At least she has her medication.

11-18

I had nothing coming and going besides Scott's stuff. I've got several deals closing and funding so it looks like it will be a busy Friday at this pace. Adam requested the withdrawl of his 480k which turns my cash flow upside down again. just when for the first time I've got some wiggle room.

11-19

It was a quiet morning after I got back from school, then right before I left for the cpa's. victor is texting me asking when he can pick up checks! The last time we spoke yesterday he said he would call me by 6pm if he needed money, I never heard from him. He admitted he fucked up. I printed docs, the printer was out of ink. I put in new cartdrige and it printed black! I called the bank near my house, their printer wasn't working. I had to go to mesa to get the checks. I emailed the docs to dave's office to print for me. I picked up the checks. I went to dave's office. He told me my tax bill would be 500k. I said no freaking way! so I told dave I'm going to make it less than that. I'm not sure how but there is no way I'm going to pay that much in tax. Victor did'nt come by the office. i came back to the house and he got here late. I'm still trying to catch up at 9 pm.

11-20

I get another fucking email from Bunger wanting 200k more out! I swear to fucking god. I sent tom his last 100k. he won't be bothering me anymore. I just can't get my cash built up before the fuckers start taking it back from me! I funded one deal, sweet deal, 200k on a 500k house. I didn't get any payoffs in and I need them badly now! Scott's daddy is in town, he might give him some money to help him out. His crazy wife is at her mom's house taking her medication, hoping she comes to her damn senses! They have a hearing Monday, I have no hope in that

11-23

It was a disappointing day, of course scott's wife's attorney postpones the hearing because of her mental state. We are never getting this fucking money back. The ins and outs to scott are so one sided my way this month, I swear he's fucked up. He owes me nearly 400k. I get yet another withdrawl request from another investor. But yet, I received 75k from one I've never talked to , the dentist from Colorado. It's only 75k.

11-24

I had a surprise call from Eric, he paid me off \$500k so I was able to send Nishel is 480k. I am so glad. I heard nothing from scott. Of course, scott reversed the dollars today. I think he figured it out and trying to get it so I owe him by Monday.

11-25

I had three payoffs today, two of shawn's and one of John May's. I've got 1.7 million in the bank. 200k goes out for interest and I have about 400k on the desk to fund. I have not one closing planned after 12/2. Scott's in and outs went the wrong way by 50k. not sure how things are going to go for December. Landon said he was going to invest 100 to 200k with my Monday, I'm not sure why.

11-30

I funded two other deals besides Scott's. all the ACH's went out fine along with statements. I had one payoff come in. Landon and Barry invested 200k. I'm glad for it. I need it! I had a few payments, but I keep the checks I'm not depositing it. scott took his wife to rehab or something in CA. so far no money. I can't believe I didn't tell him to move the money when he told me what happened.

12-1

I get another payoff in and so I feel good about sending Bunker yet another 100k. he emails me back saying great, send me more, so \$300k total! I can't fucking believe this asshole! He tells me 2 months ago after returning a million to him, that's it. I funded a deal for Victor he says he's got three that might payoff soon including this one. I hear nothing from scott. I'm fucking dieing over here and not sure I'll make it at the end of the month.

12-2

Nothing happened of significance, the ins and outs were in my favor a big way with scott. He screwed up the payoffs and missed a bunch so he's going to have to figure that out. I gave him statements for 50 properties. I've got a few payoff requests for this month, which is going to help. I talked to siggy. He's going to send me 50k more too.

12-3

Same as yesterday, I received in some payments too. I met with Dave. He didn't like that I was holding on to so many checks. He's unsure on my strategy for modifying the interest income number, but I know it's fine, it doesn't hit my bank account and the borrower and I agree to change the payments to principle. There is nothing wrong with that. I had some more payoff requests for this month too.

12-4

I had a late payoff come in for 200k. I had already sent bunker back 100k, I'll send the rest on Monday. Hopefully I don't hear from him again! the ins/outs to scott are compeleyet out of wack. He owes me nearly 800k. I'm not sure what he's going to do. I've got some deals lined up to fund on Monday. I've got some deals coming back next week. I don't have a lot of faith in them though.

12-7

Scott over the weekend said he's going to isreal, a cousin was killed. I hate when he leaves. I had a bunch of payments made and I funded two deals. I've got a few that should payoff this week, but I never know. I returned another 100k to Bunker today. I'm done with his requests we'll see if he hits me up for more!

12-8

Nothing happened today, the only call I got all day was from Dave trying to figure out my taxes. The ins/outs went the wrong way today, but I hope they were reverse tomorrow. I've not heard from Scott so I'm not sure what he's doing.

12-9

Scott said he'd be home tomorrow night. Then to deal with his wife. Hopefully she has found some sanity and we get the money back! I had a no big deal day. was to fund one deal for Jace, but he never got me the info the ins/outs went wrong way for the 2<sup>nd</sup> day in a row.

12-10

I had a few more payoff requests come, which is great, makes my cash position much better if they close. Victor wanted a 500k for a commercial building. I have to limit my funds to him because he seems to be getting a little over extended and behind on his fix ups. I talked to Dave about taxes, I'm going to have to do some things to make it all work, still going to pay 250k in taxes!

12-11

It was a super quiet day. the ins/outs were within \$1000 of each other. I had three payoffs come in from Justin for 380k. I've got another 500k planned for Monday and Tuesday. I'll be in a fine cash position I think for the end of the year.

12-14

I got an email from Scott at 5 am. He's back. He spent time with his wife, he thinks she's coming around. His car lot has 15 cars on it. he's barely hanging on. I got a payoff for 270k that I didn't know was coming 5 days ago. That helped a lot. Scott had one of his deals close. I took a 30k loss on it but it's closed, I get the money tomorrow. I should have another close later this week of his too.

12-15

I got a payoff on one of Scott's deals first thing this morning. one more gone. I took a 30k loss on it but it's gone. I've got a deal lined up to fund Victor's. I should have another payoff today, maybe it will come tomorrow. I've got a few closing this week.

12-16

A quiet day, ins/outs my favor a hair. I gave Minh and Shawn some money. I had no payoffs and I've not got the mail yet to see if any payments have come in. I did almost all the renewals for this month.

12-17

Nothing happened, other than ins and outs! Lots of emails on millers screwed up deal. I did the reneals all morning and Scott's payoffs through 1/8

12-18

I think I had one phone call and one email all day. Christmas is paying me off on his loan, but needs 2x that back next week. I received some payments from Victor too.

12-21

Ins' and outs were slightly in his favor. He's trying to reconcile and now he realizes he owes me over 800k. I'm sure it will switch soon. I had some payments in from victor. Otherwise very quiet day. I did fund one deal for victor. I have another I think for tomorrow. Never know this week.

12-22

Not a single call and maybe three emails. I picked up another deal I think I'll do. The other ones on my desk never materialized so I have a few extra dollars. I still have a few closing too. once I told scott the numbers were in my favor by 600k, the dollars went 150k the other way today, plus interest so more like 175k.

12-23

Miller's deal finally closed today. Or at least I funded it. the ins/outs went his way 161k plus interest. He's trying to make it even I guess by year end. I had a few payments and one of Scott's old ones paid off today. Looks like we have another one closing next week. I was busier than I thought with calls and emails today. Tomorrow should be dead! I have all my tax information so I'll do that tomorrow.

12-24

I even had a payoff today! I didn't have anything for scott so the day was over by 10am.

12-28

I funded a deal for Christmas, ins and outs went to my favor. I had few payments. I spent most of the day doing more end of month. Taxes payments, paychecks, withholding etc. dave gave me shitty instructions, I talked to Hatue 10 days times to get it all straight. I've doing a deal for Victor he promises I will have the money back by Monday

12-29

I talked to scott. He didn't get the money from her, but he's negotiating. God I hope it's soon. I funded a deal for victor and chris. I should get victor's money back Monday. Chris said in a few weeks. I have so little closing next month it's scary



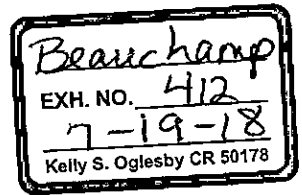
12-30

I didn't have a single phone call, nor was I expecting any. I had a 40k payoff from Shawn. The 250k one from Scott is delayed until tomorrow. I had a payment too. I worked until after midnight typing docs for scott tomorrow. All I have to do is send the statements tonight.

12-31

Just my luck. I'm up here in ID and scott sends me a 9 deal day. I typed for an hour this morning. I had one paymet and I had one of scott's deals payoff off, 250k deal. We didn't make nearly as much headway this last 3 months as we hoped. I only have a hand full of loans with him. But not paying me any money for 3 months is killing us. I hope next year we make massive damage to that a/r.

# **Exhibit No. 137**



From: Denny  
To: Scott Menaged  
Subject: Re: How are You?  
Date: Friday, March 13, 2015 8:08:51 PM

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I figure it's a miracle he left me alone this long!

Sent from my iPad

On Mar 13, 2015, at 8:07 PM, Scott Menaged <[smena98754@aol.com](mailto:smena98754@aol.com)> wrote:

Schedule coffee in 18 months when our balance is close to nothing! Haha

Sent from my iPhone

On Mar 13, 2015, at 7:58 PM, Denny <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

Surprise surprise

Sent from my iPad

Begin forwarded message:

**From:** "Beauchamp, David G."  
<[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)>  
**Date:** March 13, 2015 at 7:53:58 PM MST  
**To:** "Denny J. Chittick ([dcmoney@yahoo.com](mailto:dcmoney@yahoo.com))"  
<[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Subject:** How are You?

Denny:

I would like to meet for coffee or lunch (at no charge to you) so we can sit down and talk about how things have progressed for you since last year. I also would like to listen to you about your concerns, and frustrations with how the forbearance settlement and the documentation process was handled. I have thought back to it a lot and I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could. When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees. I planned to call you after about 30 days, but then I let it slip all of last year because I kept putting it off. I even have

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tried to write you several different emails. but I kept erasing them before I could send them.

I acknowledge that you were justifiably frustrated and upset with the expense and the how the other lenders (and Scott at times) seemed to go against you as you were trying to get things resolved last year for Scott. I have tried to let time pass so that we can discuss if you are willing to move beyond everything that happened and still work with me. If not, I would like you to know that I still respect you, what you have done and I would like to still consider you a friend. You stood up for Scott when he needed it and I truly believe it was more than just a business decision on your part.

Hopefully, you will respond to this email and we can try to talk and catch up.

All the best, David

**David G. Beauchamp**

CLARK HILL PLC

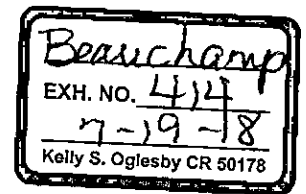
14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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CHIT001880

# **Exhibit No. 138**



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 my 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

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investors have experienced 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 difference 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 disgruntle 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

late  
2014

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 2<sup>nd</sup> quarter by him finding someone to replace Land 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 2<sup>nd</sup> 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

Dec  
2014

2015

Summer  
2015

Oct  
2015

Oct  
2015

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 2<sup>nd</sup> 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 2<sup>nd</sup>'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

late  
2015

2016

Feb  
2016  
Scott - BK

July  
2016

No pay  
since  
Oct 2015

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.

DIC0009475

# **Exhibit No. 139**

OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER

HELEN PURCELL

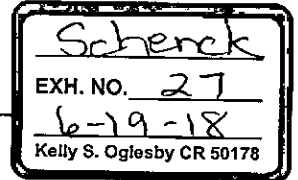
20130717135 08/06/2013 12:46

ELECTRONIC RECORDING

When recorded, mail to:

DenSco Investment  
6132 W. Victoria Place  
Chandler, AZ 85226

4504RM-1-1-1--  
chagollaj



MORTGAGE

August 6, 2013

The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of a loan from DenSco Investment Corporation ("Lender") in the sum of \$150,000.00, as evidenced by check payable to: Trustee Corps ("Trustee"). The loan was made to Borrower to purchase the Real Property legally described as: Lot 218, Subdivision Anthem Unit 55, according to the plat Book 665, of Maps, Page 30, in the plat record in the Recorder's Office of Maricopa County, Arizona. Address: 39817 N Messner Way, Anthem, AZ 85086 At a trustee's sale conducted by Trustee, which took place on August 5, 2013, Borrower became the successful purchaser with the highest bid, and the loan is intended to fund all or part of the purchase price bid by Borrower at such trustee's sale.

Borrower has promised to pay Lender or assignee the full amount of the loan, with interest at the rate of 18% per annum from the date of this Receipt until paid in full, such amounts to be due and payable in full based on due date from promissory note.

Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the loan. The undersigned principal of Borrower (who shall derive benefits from the loan, in order to induce Lender to extend the loan to Borrower) hereby irrevocably and unconditionally guarantees and promises to pay to Lender upon demand the full loan amount and all other sums payable or to become payable hereunder if Borrower fails to pay any such amounts when due. Borrower further agrees to execute, acknowledge and deliver to Lender such further documents as may be necessary to effectuate the intent of this transaction. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed. Borrower further agrees to cause the undersigned principal of Borrower to execute, acknowledge and deliver a guaranty of the amounts lent by Lender under said promissory note.

**Borrower:** Arizona Home Foreclosures, LLC

**Name & Title of Principal Borrower:** Yomtov Scott Menaged, Managing Member of LLC

**Signature:** [Signature]

State of Arizona )  
 ) ss.

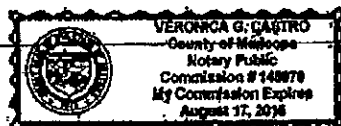
County of Maricopa )

Subscribed, sworn to and acknowledged before me this 6 day of August, 2013.

By: Yomtov Scott Menaged

Commission Expires: 8-17-15

[Signature]  
Notary Public



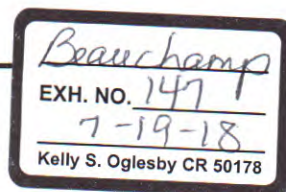
356655v2

5/22/2007

# **Exhibit No. 140**

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 1/9/2014 1:30:22 PM  
**To:** Denny Chittick [dcmoney@yahoo.com]  
**Subject:** RE: two trusts



Denny:

Let me think about it. I will get back to you.

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Thursday, January 09, 2014 2:16 PM  
**To:** Beauchamp, David G.  
**Subject:** two trusts

I have one investor that has two trusts with me, each one for his children, i spoke with him. he says that the children's trusts are subsets of larger family trusts that they have a pro-rated share of (you know how they create these spider web of trusts) even though he his the trustee, has full authority over them, he cannot definitively say that they would valued at 5 million each. what do you recommend that i do? he's completely flexible, i've known him for 20 yr, one of my first investors. This is the Taser guy, Tom Smith.

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)



602-469-3001 C

602-532-7737 f



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 1/9/2014 9:41:55 PM  
**To:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**CC:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Re: auction properties/paying trustee

Denny:

Let me see what the other lenders got from the Trustee and we can make a better decision. There is either another way to do it or someone described a procedure that does not work.

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:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Thursday, January 09, 2014 08:55 PM  
**To:** Beauchamp, David G.  
**Subject:** auction properties/paying trustee

If i cut a cashiers check and take it to the trustee myself, i dont' get a receipt that DenSco Paid for it. i get a receipt saying that x property was paid for, for X \$'s vested in borrower's name. my name doesn't appear on it. other than having a cashiers check receipt saying that i made a check out for it, there isn't anything from the trustee saying that it was my check.

i could wire Scott the money, he could produce a cashiers check that says remitter is DenSco and it would have the exact same affect as if i got cashiers check that said i'm the remitter.

i don't just do this with scott, i do this with 90% of the guys that i fund at the auctions. 90% of the time there is an intermediary

between my borrower and the trustee, a bidding co. everyone wires the money to the bidding co and the bidding co' gets the cashiers check saying remitter is the buyer.

put aside the logistics for a second, what proof or what guarantee is there by me cutting the check and handing it to suzy at the trustees office rather than my borrowers?

i know i must be missing something.  
dc

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602-469-3001 C  
602-532-7737 f



DenSco / Workout

**Beauchamp, David G.**

---

**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Friday, January 10, 2014 4:37 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: auction properties/paying trustee

I will do some more checking with Trustee's

Sent from my iPad

On Jan 9, 2014, at 10:41 PM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Denny:

Let me see what the other lenders got from the Trustee and we can make a better decision. There is either another way to do it or someone described a procedure that does not work.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, January 09, 2014 08:55 PM  
**To:** Beauchamp, David G.  
**Subject:** auction properties/paying trustee

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put aside the logistics for a second, what proof or what guarantee is there by me cutting the check and handing it to suzy at the trustees office rather than my borrowers?

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dc

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602-469-3001 C  
602-532-7737 f

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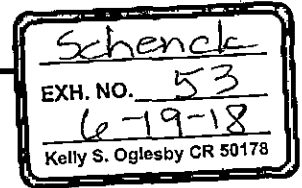
FEDERAL TAX ADVICE DISCLAIMER: Under U. S. Treasury Regulations, we are informing you that, to the extent this message includes any federal tax advice, this message is not intended or written by the sender to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

# **Exhibit No. 141**



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 1/17/2014 3:22:06 PM  
**To:** Anderson, Robert G. [randerson@clarkhill.com]  
**CC:** Schenck, Daniel A. [dschenck@clarkhill.com]  
**Subject:** FW: see attached  
**Attachments:** Bryan Cave Doc.pdf



Bob:

Attached is the demand letter from Bryan Cave asserting the claim from the other lenders.

If this claim has any merit, we need to advise DenSco to change its internal procedures.

Thanks, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Monday, January 06, 2014 1:59 PM  
**To:** Beauchamp, David G.  
**Subject:** see attached

read the first two pages, then give me a call.

thx

dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f



Robert J. Miller  
Direct: (602) 364-7043  
Fax: (602) 716-8043  
rmiller@bryancave.com

January 6, 2014

**VIA HAND-DELIVERY**

Densco Investment Corporation  
Attn: Mr. Denny J. Chittick  
6132 W. Victoria Place  
Chandler, AZ 85226

Re: Mortgage Recordation; Demand For Subordination

Dear Mr. Chittick:

This law firm represents Azben Limited, LLC ("Azben"), Geared Equity, LLC ("Geared Equity") and 50780, LLC in connection with their disputes with you and your company, Densco Investment Corporation ("Densco"). As you know, Geared Equity and 50780, LLC previously made various loans to Arizona Home Foreclosures, LLC and/or Easy Investments, LLC (collectively, the "Borrower"). Sell Wholesale Funding, LLC ("SWF") also made certain loans to Borrower which were collaterally assigned to Azben. Azben, Geared Equity, and 50780, LLC will be collectively referred to herein as the "Lienholders." Geared Equity, 50780, LLC, and SWF will be collectively referred to herein as the "Lenders."

This demand letter addresses the Lienholders' loans to the Borrower and the real property collateral described on Exhibit A attached hereto (the "Loans" and the "Properties," respectively). The Lenders made each of the Loans to the Borrower for the specific purpose of providing purchase money financing so the Borrower would have sufficient funds to acquire the Properties through trustee sales conducted under Arizona law. The Lenders, in each and every instance, deliberately advanced the loan proceeds pursuant to certified funds delivered directly to the trustee and received a receipt from the trustee confirming delivery of such funds. The Lenders, in each and every instance, also promptly recorded deeds of trust confirming a senior lien position on each of the Properties.

The Lienholders recently learned that your company, Densco, engaged in a practice of recording a "mortgage" on each of the Properties on or around the same time as the Lenders were recording their senior deeds of trust. In each and every instance, Densco's recorded mortgage states that Densco provided purchase money funding and that Densco's loans are "evidenced by a check payable" to the trustee for each of the Properties.

Thus, Densco is taking the position in recorded documents that it provided a purchase money loan to the Borrower with respect to each of the Properties.

752649.3

**Bryan Cave LLP**  
One Renaissance Square  
Two North Central Avenue  
Suite 2200  
Phoenix, AZ 85004-4406  
Tel (602) 364-7000  
Fax (602) 364-7070  
www.bryancave.com

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CH\_0001446

Mr. Denny J. Chittick

January 6, 2014

Page 2

Presumably, Densco is taking the position that its alleged loan is senior to the liens of the Lienholders with respect to each of the Properties. Of course, this is a practical and legal impossibility since, in each and every instance, only the Lenders provided the applicable trustee with certified funds supporting the Borrower's purchase money acquisition for each of the Properties and, with respect to the loans made by SWF, Azben "stands in the shoes" of SWF as the senior purchase money lender.

This demand letter provides Densco with an opportunity to immediately clarify its position and rectify this situation. Because of the seriousness of this situation, the Lenders are presenting their position as a formal demand on you and Densco. The demand is as follows:

Included herein are two forms of subordination agreement – one form document applies to the Azben loans and the other form applies to the loans of Geared Equity and 50780, LLC. The Lienholders hereby demand that Densco agree to complete and deliver this exact form of subordination agreement for each of the Properties to my office so that these completed subordination agreements may be recorded and delivered to the Borrower.<sup>1</sup> If Densco does not immediately so agree in writing and complete this entire subordination delivery process by no later than five (5) business days from the date of this demand letter, then the Lenders will immediately commence litigation against Densco and the other parties involved in this situation.

Please give this matter your immediate and undivided attention. While the Lienholders will be asserting all of the claims they have against the parties involved in this situation absent the timely completion of this subordination process, the most obvious claims the Lienholders will assert are: (i) fraud and conspiracy to defraud; (ii) negligent misrepresentation; and (iii) wrongful recordation pursuant to A.R.S. §33-420. The Lienholders reserve all of their rights and remedies against Densco, you, and all other parties, and no such rights or remedies are waived, modified, or impaired in any way pursuant to this demand letter or otherwise.

Sincerely,



Robert J. Miller  
FOR THE FIRM

RJM:se  
Enclosure

<sup>1</sup> Property addresses and other "form" information will need to be included in each subordination agreement. My firm will only commence preparing a subordination agreement for each loan when written confirmation is provided that Densco has unconditionally agreed to execute each subordination agreement in the form enclosed herein. A subordination agreement is required for each and every loan even though several of the loans have been paid in full and even though in several instances it is very clear the Densco mortgage was recorded after the Lender's deed of trust was recorded – the Lenders are entitled to total and permanent clarity on all of these issues now.

Bryan Cave LLP

Mr. Denny J. Chittick  
January 6, 2014  
Page 3

cc: **VIA FEDERAL EXPRESS (w/encs.)**

Kurt Johnson Associates, PC  
23005 N. 15th Avenue  
Suite 2  
Phoenix, AZ 85027  
Statutory Agent for DenSCO

Azben Limited, LLC (w/o encs.)  
Geared Equity, LLC (w/o encs.)  
50780, LLC (w/o encs.)  
Sell Wholesale Funding, LLC (w/encs.)

Exhibit A

Azben Limited, LLC Loans

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>	
5445	Sheila Ln, 7134 W	Phoenix	Paid in Full
5448	Palmer St, 3826 E	Gilbert	
5506	Palm St, 2681 S	Gilbert	
5514	Horsetail Trail, 1751 W	Phoenix	Paid in Full
5594	Maui Ln, 13920 W	Surprise	
5597	66th Dr, 10020 N	Glendale	
5619	Millbrae Ln, 2895 E	Gilbert	
5620	Wood Dr, 1502 W	Phoenix	
5621	170th Ln, 16010 N	Surprise	
5629	Wayland Dr, 23687 W	Buckeye	
5631	Lobo Ave, 10125 E	Mesa	
5641	Dublin St, 516 W	Chandler	
5644	Sunsites Dr, 18915 N	Surprise	
5645	Cortland, 3043 S	Mesa	
5648	Yale, 1355 S	Mesa	
5660	Kent Ave, 3425 E	Gilbert	Paid in Full
5667	101st Dr, 2027 S	Tolleson	
5672	Peck Dr, 8987 W	Glendale	
5679	Colonial Dr, 977 S	Gilbert	
5680	220th Ln, 1040 S	Buckeye	
5684	Tyson St, 4232 E	Gilbert	Paid in Full
5685	Navajo St, 16739 W	Goodyear	
5690	Milburn, 2716 S	Mesa	
5691	Hassett, 126 S	Mesa	
5693	Ogelsby Ave, 11603 W	Youngstown	
5694	Cristine Ln, 15829 N	Surprise	Paid in Full
5695	85th Dr, 1629 S	Tolleson	
5719	Puget Ave, 18146 W	Waddell	
5720	Caribbean Ln, 14869 W	Surprise	
5722	Rose Garden Ln, 3014 W	Phoenix	
5724	Valley View Dr, 4119 W	Laveen	
5728	Gelding Dr, 4906 W	Glendale	
5729	Maldonado Dr, 3247 E	Phoenix	
5730	Anderson Dr, 3830 W	Glendale	
5742	Olla Ave, 9832 E	Mesa	
5754	Whyman St, 25510 W	Buckeye	
5755	233rd Ln, 1697 S	Buckeye	
5757	Bent Tree Dr, 2507 W	Phoenix	
5760	Arcadia Ave, 10836 E	Mesa	
5761	Sundance Way, 523 W	Chandler	

**Geared Equity, LLC Loans**

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>	
13-6091	10440 W. Hammond Lane	Tolleson	
13-6094	39817 N. Messner Way	Anthem Way	
13-6104	W. Via Montoya Drive	Phoenix	
13-6105	11509 E. Pratt Ave	Mesa	Paid in Full
13-6113	707 E. Potter Drive	Phoenix	Property under review with Trustee for possible rescission of sale
13-6114	14904 W. Port Royale Lane	Surprise	
13-6118	4728 W. Carson Road	Laveen	
13-6122	978 N. 85th Place	Scottsdale	
13-6123	635 S. St Paul	Mesa	

**50780, LLC Loans**

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>
13-1020	8116 E. Onza Avenue	Mesa
13-1051	11634 W. Adams Street	Avondale
13-1052	25863 W. Saint James Avenue	Buckeye

RECORDING REQUESTED  
BY AND WHEN RECORDED  
MAIL TO:

AZBEN LIMITED, L.L.C.  
1223 S. Clearview Avenue  
Suite 103  
Mesa, Arizona 85209

Space Above This Line for Recorder's Use Only

### SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement"), made this \_\_\_\_\_ day of January, 2014, by SELL WHOLESALE FUNDING, LLC, an Arizona limited liability company (hereinafter referred to as "Senior Creditor"), whose mailing address is 4105 N. 20<sup>th</sup> Street, #210, Phoenix, Arizona 85016, and DENSCO INVESTMENT CORPORATION, an Arizona corporation (hereinafter referred to as "Junior Creditor"), whose mailing address is 6132 W. Victoria Place, Chandler, Arizona 85226;

### WITNESSETH

THAT WHEREAS, Arizona Home Foreclosures, LLC, an Arizona limited liability company (hereinafter referred to as "Owner"), is the owner of the land hereinafter described on Exhibit "A" attached hereto and made a part hereof (the "Land" or the "Property"); and

WHEREAS, Owner, as mortgagor, executed a Mortgage ("Junior Mortgage") dated September 16, 2013, to and for the benefit of Junior Creditor, as mortgagee, and recorded on September 17, 2013 at 8:32 a.m., as Instrument No. 2013-0832534 in the Records of Maricopa County, Arizona ("Records"), purporting to encumber the Land, which Junior Mortgage purportedly secures payment of the sum of \$140,000.00 ("Junior Liabilities") which might come due under or pursuant to a purported loan made by Junior Creditor to Owner in such purported amount referenced in said Junior Mortgage. When used herein, the term "Junior Mortgage" shall not only mean and refer to the Junior Mortgage stated above, but also to: i) any re-recording thereof, and ii) that certain Deed of Trust and Assignment of Rents, of even date with the Junior Mortgage ("Junior Deed of Trust"), made by Owner, as trustor, to First American Title, as trustee, to and for the benefit of Junior Creditor, as beneficiary, which Junior Deed of Trust was recorded September 27, 2013 as Instrument No. 2013-0863555 in the Records; and

WHEREAS, Owner, as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Senior Deed of Trust") dated September 16, 2013, to Fidelity National Title, as trustee, to and for the benefit of Senior Creditor, as beneficiary, which Senior Deed of Trust secures payment of a Promissory Note of Owner to Senior Creditor in the original stated principal amount of \$144,080.00 ("Purchase

6  
Money Note"), recorded September 17, 2013 at 9:50 a.m. as Instrument No. 2013-0833010 in the Records. Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. The beneficial interest in the Senior Deed of Trust was thereafter collaterally assigned by Senior Creditor to Azben Limited, L.L.C., an Arizona limited liability company (hereinafter referred to as "Azben"), by Collateral Assignment of Beneficial Interest Under a Single Deed of Trust dated September 16, 2013 and recorded on September 17, 2013 as Instrument No. 2013-0833044 in the Records, and subsequently re-recorded on October 25, 2013 as Instrument No. 2013-0940922 in the Records to correct the recited date of original recordation of such document. When used herein, the term "Senior Deed of Trust" shall not only mean and refer to the Senior Deed of Trust, but also to the re-recordation thereof on October 4, 2013 as Instrument No. 2013-0885116 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trust; and

**WHEREAS**, Senior Creditor and Junior Creditor have further agreed that the Junior Liabilities secured by the Junior Mortgage are and shall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust (collectively, the "Senior Liabilities"), all in accordance with the terms hereof; and

**WHEREAS**, Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purchase Money Note and representing purchase money for the Land, is a lien or charge upon the Land prior and superior to the lien or charge of the Junior Mortgage, ii) that Junior Creditor will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust, and iii) that the Junior Liabilities secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below; and

6  
**WHEREAS**, it is to the mutual benefit of the parties hereto that Senior Creditor not: i) take any formal action (which would entail time and expense and in which Senior Creditor would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trust; ii) institute immediate action for foreclosure of the Senior Deed of Trust which might result in proceeds insufficient to defray both the Senior Liabilities and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's default ("Owner's Recording Default") under the Senior Deed of Trust occasioned by the existence of the Junior Deed of Trust and not to any other current or future defaults under the Senior Deed of Trust, including, without limitation, failure to pay at maturity or to perform any other terms and conditions of the Senior Deed of Trust or the Purchase Money Note [herein, "Other Defaults"]); and iii) presently enforce the right of Senior Creditor to charge interest at the default rate under the Senior Deed of Trust (it being understood that such forbearance is limited to the effect of Owner's Recording Default and not to any Other Defaults) which would be in priority to the Junior Liabilities, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constitute a lien or charge upon the Land which is unconditionally prior and superior to the lien or charge of the Junior Mortgage.

**NOW, THEREFORE**, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Creditor to forbear from taking formal actions to establish the lien priority of the Senior Deed of Trust, to not institute any foreclosure actions on account of Owner's Recording Default and not presently enforce interest at the default rate due on the Purchase Money Note on account of Owner's Recording Default, it is hereby declared, understood and agreed as follows:

(1) That the Senior Deed of Trust securing the Senior Liabilities, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Land therein described, prior and superior to the lien or charge of the Junior Mortgage.

(2) That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust.



(3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in any manner without the prior written consent of Junior Creditor. No renewal, modification or extension of time of payment of the Senior Liabilities, and no release or surrender of any security for the Senior Liabilities, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this or any other subordination agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the Senior Liabilities, or under this Agreement, shall, in any manner, impair or affect the rights and duties of Senior Creditor or Junior Creditor. Senior Creditor, in its uncontrolled discretion, may waive or release any right or option accorded Senior Creditor under this Agreement without the consent Junior Creditor, and without otherwise in any way affecting the obligations Junior Creditor hereunder. Junior Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment, of the Senior Liabilities.

(4) That Junior Creditor may not amend the Junior Mortgage in any manner that would materially and adversely affect the Senior Liabilities or the Property, including, without limitation, increasing the face amount of the Junior Liabilities, increasing the interest rate or any payment obligations under the Junior Liabilities, or expanding Junior Creditor's security interests and liens under the Junior Loan relating to the Property, without the prior written consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written notice as well as copies of any such amendments within five (5) business days after such documents have been executed by Junior Creditor.

(5) That Junior Creditor shall send to Senior Creditor a written copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Junior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor shall send to Junior Creditor a written copy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senior Deed of Trust; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default or Event of Default under either the Purchase Money Note or the Senior Deed of Trust. Senior Creditor agrees that all such notices to Junior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor and Junior Creditor shall each have the right, but not the obligation, to cure any default by Owner under the Junior Mortgage, on one hand, or the Purchase Money Note or the Senior Deed of Trust, on the other hand, and respectively. In addition, at any time and from time to time, Junior Creditor, at its option, shall have the right to fully repay the Purchase Money Note in full, together with accrued but unpaid interest and all of Senior Lender's costs and fees thereunder, in which case Junior Creditor shall be entitled to all of the rights and benefits of Senior Lender thereunder.

(6) Notwithstanding any lien now held or hereafter acquired by the Junior Creditor, the Senior Creditor may take possession of, sell, dispose of, and otherwise deal with all or any part of the Property, and may enforce any right or remedy available to it with respect to the Owner or the Property, all without notice to or the consent of the Junior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Property, except in accordance with applicable law (including the Arizona Uniform Commercial Code), and in no event shall the Senior Creditor be deemed the Junior Creditor's agent with respect to the Property. All proceeds received by the Senior Creditor with respect to the Property, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all costs and expenses (including reasonable attorneys' fees) incurred by the Senior Creditor in connection with the collection of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order that it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.

(7) That, until the Senior Liabilities are paid in full, Junior Creditor agrees, except as expressly set forth herein, to not take any action or exercise any remedies under the Junior Deed of Trust or with respect of the Junior Liability or to cause Owner to voluntarily or involuntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for all or a major part of its assets or file a pleading or answer in any proceeding admitting insolvency, bankruptcy or inability of pay its debts as they mature.

6

(9) That if: (a) there occurs any casualty to the buildings or improvements constructed on the Property that is covered by insurance; or (b) any portion of the Property is condemned or taken under a power of eminent domain, Senior Creditor shall have the sole right, without any involvement or rights of Junior Creditor, to adjust, collect and compromise, in its sole discretion, all insurance proceeds and compensation and awards issued on account of such action.

(10) That the Recitals set forth above are incorporated by reference into the body of the Subordination Agreement as if fully re-written herein.

(11) No addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Creditor and Junior Creditor.

(12) That each of Senior Creditor and Junior Creditor and attorneys for each such party have participated in the drafting and preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Senior Creditor or Junior Creditor, but shall be construed as if both Senior Creditor and Junior Creditor equally prepared this Agreement.

(13) That this Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single agreement. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other party.

(14) That the laws of the State of Arizona applicable to contracts to be performed wholly within Arizona shall govern this Agreement.

6

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH MAY BE EXPENDED, UTILIZED AND/OR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.**

**(ALL SIGNATURES MUST BE ACKNOWLEDGED)**

***IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.***

**(Remainder of page intentionally blank.)**

**SENIOR CREDITOR.**

SELL WHOLESale FUNDING, LLC, an Arizona limited liability company

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA       )  
                                  )ss.  
County of Maricopa       )

On \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, the \_\_\_\_\_ of SELL WHOLESale FUNDING, LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission  
Expires:

\_\_\_\_\_  
Notary Public

**JUNIOR CREDITOR:**

DENSCO INVESTMENT CORPORATION, an Arizona corporation

By: \_\_\_\_\_  
Denny J. Chittick, President

STATE OF ARIZONA       )  
                                  )ss.

County of Maricopa       )

On \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission  
Expires:

\_\_\_\_\_  
Notary Public

**AZBEN CONSENT**

The undersigned AZBEN LIMITED, L.L.C., an Arizona limited liability company, hereby consents to the foregoing Subordination Agreement between Sell Wholesale Funding, LLC, an Arizona limited liability company, as senior creditor, and Densco Investment Corporation, an Arizona corporation, as junior creditor, pertaining to the Land more particularly described on Exhibit "A" attached hereto.

AZBEN LIMITED, L.L.C., an Arizona limited liability company

By: \_\_\_\_\_  
Broc C. Hiatt, Manager

STATE OF ARIZONA                    )  
  )ss.  
County of Maricopa                    )

On \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared Broc C. Hiatt, Manager of AZBEN LIMITED, L.L.C., an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission  
Expires:

\_\_\_\_\_  
Notary Public

EXHIBIT "A"

**Description of Property**

Lot 176, of SUBDIVISION LINDSAY AND WARNER, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, recorded in Book 610 of Maps, Page 17.

APN: 309-25-432

RECORDING REQUESTED  
BY AND WHEN RECORDED  
MAIL TO:

GEARED EQUITY, LLC  
6828 E. Camelback Rd.  
Scottsdale, Arizona 85251

Space Above This Line for Recorder's Use Only

### SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement"), made this \_\_\_\_ day of January, 2014, by GEARED EQUITY, LLC, an Arizona limited liability company (hereinafter referred to as "Senior Creditor"), whose mailing address is 6828 E. Camelback Rd., Phoenix, Arizona 85251, and DENSCO INVESTMENT CORPORATION, an Arizona corporation (hereinafter referred to as "Junior Creditor"), whose mailing address is 6132 W. Victoria Place, Chandler, Arizona 85226;

### WITNESSETH

THAT WHEREAS, Arizona Home Foreclosures, LLC, an Arizona limited liability company (hereinafter referred to as "Owner"), is the owner of the land hereinafter described on Exhibit "A" attached hereto and made a part hereof (the "Land" or the "Property"); and

WHEREAS, Owner, as mortgagor, executed a Mortgage ("Junior Mortgage") dated August 6, 2013, to and for the benefit of Junior Creditor, as mortgagee, and recorded on August 6, 2013 at 12:46 p.m., as Instrument No. 2013-0717135 in the Records of Maricopa County, Arizona ("Records"), purporting to encumber the Land, which Junior Mortgage purportedly secures payment of the sum of \$150,000.00 ("Junior Liabilities") which might come due under or pursuant to a purported loan made by Junior Creditor to Owner in such purported amount referenced in said Junior Mortgage. When used herein, the term "Junior Mortgage" shall not only mean and refer to the Junior Mortgage stated above, but also to: i) any re-recording thereof; and ii) that certain Deed of Trust and Assignment of Rents, of even date with the Junior Mortgage ("Junior Deed of Trust"), made by Owner, as trustor, to Trustee Corps, as trustee, to and for the benefit of Junior Creditor, as beneficiary, which Junior Deed of Trust was recorded August 21, 2013 as Instrument No. 2013-0760511 in the Records; and

WHEREAS, Owner, as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Senior Deed of Trust") dated August 6, 2013, to Thomas C. Wilmer, Esq., as trustee, to and for the benefit of Senior Creditor, as beneficiary, which Senior Deed of Trust secures payment of a Promissory Note of Owner to Senior Creditor in the original stated principal amount of \$152,800.00 ("Purchase");

6  
Money Note"), recorded August 7, 2013 at 12:42 p.m. as Instrument No. 2013-0721399 in the Records. Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. When used herein, the term "Senior Deed of Trust" shall not only mean and refer to the Senior Deed of Trust, but also to the re-recording thereof on August 22, 2013 as Instrument No. 2013-0765233 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trust; and

**WHEREAS**, Senior Creditor and Junior Creditor have further agreed that the Junior Liabilities secured by the Junior Mortgage are and shall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust (collectively, the "Senior Liabilities"), all in accordance with the terms hereof; and

**WHEREAS**, Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purchase Money Note and representing purchase money for the Land, is a lien or charge upon the Land prior and superior to the lien or charge of the Junior Mortgage, ii) that Junior Creditor will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust, and iii) that the Junior Liabilities secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below; and

6  
**WHEREAS**, it is to the mutual benefit of the parties hereto that Senior Creditor not: i) take any formal action (which would entail time and expense and in which Senior Creditor would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trust; ii) institute immediate action for foreclosure of the Senior Deed of Trust which might result in proceeds insufficient to defray both the Senior Liabilities and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's default ("Owner's Recording Default") under the Senior Deed of Trust occasioned by the existence of the Junior Deed of Trust and not to any other current or future defaults under the Senior Deed of Trust, including, without limitation, failure to pay at maturity or to perform any other terms and conditions of the Senior Deed of Trust or the Purchase Money Note [herein, "Other Defaults"]); and iii) presently enforce the right of Senior Creditor to charge interest at the default rate under the Senior Deed of Trust (it being understood that such forbearance is limited to the effect of Owner's Recording Default and not to any Other Defaults) which would be in priority to the Junior Liabilities, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constitute a lien or charge upon the Land which is unconditionally prior and superior to the lien or charge of the Junior Mortgage.

**NOW, THEREFORE**, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Creditor to forbear from taking formal actions to establish the lien priority of the Senior Deed of Trust, to not institute any foreclosure actions on account of Owner's Recording Default and not presently enforce interest at the default rate due on the Purchase Money Note on account of Owner's Recording Default, it is hereby declared, understood and agreed as follows:

(1) That the Senior Deed of Trust securing the Senior Liabilities, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Land therein described, prior and superior to the lien or charge of the Junior Mortgage.

(2) That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust.

(3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in any manner without the prior written consent of Junior Creditor. No renewal, modification or extension of time of payment of the Senior Liabilities, and no release or surrender of any security for the Senior Liabilities, or the obligations of any endorser, sureties or guarantors thereof, or release from the terms of this or any other subordination agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the Senior Liabilities, or under this Agreement, shall, in



any manner, impair or affect the rights and duties of Senior Creditor or Junior Creditor. Senior Creditor, in its uncontrolled discretion, may waive or release any right or option accorded Senior Creditor under this Agreement without the consent of Junior Creditor, and without otherwise in any way affecting the obligations of Junior Creditor hereunder. Junior Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment, of the Senior Liabilities.

(4) That Junior Creditor may not amend the Junior Mortgage in any manner that would materially and adversely affect the Senior Liabilities or the Property, including, without limitation, increasing the face amount of the Junior Liabilities, increasing the interest rate or any payment obligations under the Junior Liabilities, or expanding Junior Creditor's security interests and liens under the Junior Loan relating to the Property, without the prior written consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written notice as well as copies of any such amendments within five (5) business days after such documents have been executed by Junior Creditor.

(5) That Junior Creditor shall send to Senior Creditor a written copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Junior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor shall send to Junior Creditor a written copy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senior Deed of Trust; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default or Event of Default under either the Purchase Money Note or the Senior Deed of Trust. Senior Creditor agrees that all such notices to Junior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor and Junior Creditor shall each have the right, but not the obligation, to cure any default by Owner under the Junior Mortgage, on one hand, or the Purchase Money Note or the Senior Deed of Trust, on the other hand, and respectively. In addition, at any time and from time to time, Junior Creditor, at its option, shall have the right to fully repay the Purchase Money Note in full, together with accrued but unpaid interest and all of Senior Lender's costs and fees thereunder, in which case Junior Creditor shall be entitled to all of the rights and benefits of Senior Lender thereunder.

(6) Notwithstanding any lien now held or hereafter acquired by the Junior Creditor, the Senior Creditor may take possession of, sell, dispose of, and otherwise deal with all or any part of the Property, and may enforce any right or remedy available to it with respect to the Owner or the Property, all without notice to or the consent of the Junior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Property, except in accordance with applicable law (including the Arizona Uniform Commercial Code), and in no event shall the Senior Creditor be deemed the Junior Creditor's agent with respect to the Property. All proceeds received by the Senior Creditor with respect to the Property, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all costs and expenses (including reasonable attorneys' fees) incurred by the Senior Creditor in connection with the collection of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order that it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.

(7) That, until the Senior Liabilities are paid in full, Junior Creditor agrees, except as expressly set forth herein, to not take any action or exercise any remedies under the Junior Deed of Trust or with respect to the Junior Liability or to cause Owner to voluntarily or involuntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for all or a major part of its assets or file a pleading or answer in any proceeding admitting insolvency, bankruptcy or inability to pay its debts as they mature.

(9) That if: (a) there occurs any casualty to the buildings or improvements constructed on the Property that is covered by insurance; or (b) any portion of the Property is condemned or taken under a power of eminent domain, Senior Creditor shall have the sole right, without any involvement or rights of Junior Creditor, to adjust, collect and compromise, in its sole discretion, all insurance proceeds and compensation and awards issued on account of such action.

(10) That the Recitals set forth above are incorporated by reference into the body of the Subordination Agreement as if fully re-written herein.

(11) No addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Creditor and Junior Creditor.

(12) That each of Senior Creditor and Junior Creditor and attorneys for each such party have participated in the drafting and preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Senior Creditor or Junior Creditor, but shall be construed as if both Senior Creditor and Junior Creditor equally prepared this Agreement.

(13) That this Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single agreement. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other party.

(14) That the laws of the State of Arizona applicable to contracts to be performed wholly within Arizona shall govern this Agreement.

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH MAY BE EXPENDED, UTILIZED AND/OR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.**

**(ALL SIGNATURES MUST BE ACKNOWLEDGED)**

**IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.**

**(Remainder of page intentionally blank.)**

**SENIOR CREDITOR:**

GEARED EQUITY, LLC, an Arizona limited liability company

By: \_\_\_\_\_  
Printed Name. \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA            )  
  )ss.  
County of Maricopa            )

On \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, the \_\_\_\_\_ of GEARED EQUITY, LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission  
Expires:

\_\_\_\_\_  
Notary Public

**JUNIOR CREDITOR:**

DENSCO INVESTMENT CORPORATION, an Arizona corporation

By: \_\_\_\_\_  
Denny J. Chittick, President

STATE OF ARIZONA            )  
  )ss.  
County of Maricopa            )

On \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission  
Expires.

\_\_\_\_\_  
Notary Public

**EXHIBIT "A"**

**Description of Property**

Lot 218, of Anthem – Unit 55, According to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, Recorded in Book 665 of Maps, Page 30.  
EXCEPT therefrom all coal, oil, gas and other mineral deposits, as reserved in the patent to the land.

APN: 211-93-218

# **Exhibit No. 142**

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

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

Plaintiff,

vs.

Clark Hill PLC, a Michigan  
limited liability company;  
David G. Beauchamp and Jane Doe  
Beauchamp, Husband and Wife,

Defendants.

NO. CV2017-013832

VIDEOTAPED DEPOSITION OF ROBERT G. ANDERSON

Phoenix, Arizona  
June 21, 2018  
8:59 a.m.

REPORTED BY:  
KELLY SUE OGLESBY, RPR  
Arizona CR No. 50178  
Registered Reporting Firm R1012

PREPARED FOR:

ROBERT G. ANDERSON, 6/21/2018

1 deposition.

2 Q. Okay. So you haven't -- fair to say you had no  
3 input whatsoever in this 26.1 statement?

4 A. No, not at all.

5 Q. You may have answered this. I'm going to ask  
6 you in a different way.

7 In hindsight, you know, we are now in 2018, what  
8 was your role with respect to the DenSco representation  
9 that Mr. David Beauchamp was doing?

10 A. As I recall, I was brought in to draft this  
11 Forbearance Agreement.

12 Q. Do you have any recollection of having any other  
13 task besides the Forbearance Agreement?

14 A. That was my central role.

15 Q. What in particular about your background in real  
16 estate added value to doing the Forbearance Agreement?

17 A. Other than my background in real estate?

18 Q. Or how does your background in real estate help  
19 you with respect to the Forbearance Agreement?

20 A. Well, you know, I have got 40-some years of  
21 experience, a lot of it with lenders, so I drafted many in  
22 the past.

23 Q. Okay. Were you involved in any of the strategy  
24 decisions in the case?

25 A. I have no recollection of a strategy issue at



ROBERT G. ANDERSON, 6/21/2018

1 all, no.

2 Q. Do you recall ever sitting down in a meeting  
3 with David Beauchamp and having a discussion about why  
4 they were doing a Forbearance Agreement?

5 A. No.

6 Q. I know you had no face to face with  
7 Mr. Chittick. Did you have any telephone conversations  
8 with Mr. Chittick?

9 A. I don't recall any. I can't say with absolute  
10 certainty that I never talked to him, but I don't recall  
11 ever talking to him.

12 Q. All right. I assume you did talk from time to  
13 time with Mr. Beauchamp.

14 A. Yes.

15 Q. And then we deposed someone the other day,  
16 Mr. Daniel Schenck.

17 A. Yes.

18 Q. Do you remember working with Mr. Schenck?

19 A. Ever so vaguely, yes.

20 Q. I want you to turn to Exhibit No. 5. Actually,  
21 I think 5 is the wrong one. I mean 6. 6 is a letter from  
22 Mr. Beauchamp to Mr. Chittick and encloses the billing  
23 invoice from Clark Hill up to the end of January of 2014.

24 A. Uh-huh.

25 Q. And if you turn the page on it, you will see

ROBERT G. ANDERSON, 6/21/2018

1 there is an invoice for business matters.

2 A. Uh-huh.

3 Q. And a modest amount.

4 A. Excuse me. Yes.

5 Q. Yes.

6 And if you turn the page, it's Bates stamped  
7 2311, there is a Timekeeper summary, and it doesn't look  
8 like you do anything on general business matter. Your  
9 name is not there.

10 A. No.

11 Q. There is another invoice for workout of lien  
12 issue, and if you turn to Bates stamps 2315 and 2316, is  
13 it fair to say that RGA are the initials you used for  
14 billing at Clark Hill?

15 A. Yes.

16 Q. If you turn to the last page, you will see that  
17 in January on the Timekeeper summary, you billed 4.5  
18 hours.

19 A. Yes.

20 Q. If you turn to Exhibit No. 7, this is going to  
21 be the billing records till the end of February 2014. If  
22 you turn the page, you will see this is the workout of  
23 lien invoice.

24 And if you go to Bates stamp 2678, you will see  
25 that actually on the Timekeeper summary, there is no time

ROBERT G. ANDERSON, 6/21/2018

1 for you, right?

2 A. No. I don't see any.

3 Q. Let's see if there is any RGA.

4 So it doesn't look like you did anything -- oh,  
5 actually, go to the next one, which says business matters,  
6 and then turn that page.

7 A. Yes.

8 Q. And you will see under business matters there is  
9 two time entries you have.

10 A. Yes.

11 Q. Actually, if you look at Timekeeper summary, it  
12 looks like none of that was charged.

13 A. Uh-huh.

14 Q. Although you have --

15 MR. DeWULF: Object to form.

16 Q. (BY MR. CAMPBELL) Let me take that back. You  
17 had one item that was not charged. You had another item  
18 that was charged.

19 A. Yes.

20 Q. Now, I will tell you when you look at later  
21 billing entries, you don't appear at all.

22 So the first billing entry you make is  
23 January 17th, 2014, and the last billing entry you make is  
24 February 21st, 2014, which would suggest to me you only  
25 worked on the case for just a little over a month.

ROBERT G. ANDERSON, 6/21/2018

1 A. If that, yes.

2 Q. Okay. Is that your recollection?

3 A. My recollection is a very brief period of time  
4 that I -- you know, this seems to be accurate, that  
5 timeframe I was involved.

6 Q. All right. Well, if the time records are  
7 correct, you only spent a total of 6.9 hours on the case.

8 A. Apparently, yes.

9 Q. All right. I take it you -- this was not a big  
10 part of your practice?

11 A. No.

12 Q. All right. Let's go back to Exhibit No. 6, and  
13 I want to go to the workout of lien issue. Let me get to  
14 the right page here and make sure we are on the same page  
15 together. So I'm looking at Bates stamp No. 2315,  
16 January 17th, 2014.

17 And have you reviewed this before?

18 A. Yes.

19 Q. Okay. And you will see that you have written  
20 down: Meeting with Dan Schenck regarding history of loans  
21 and fraud; review letter from Bryan Cave and documents.  
22 Then you will see Mr. Schenck has written down: Attorney  
23 conference regarding procedures with B. Anderson, and  
24 attorney conference with D. Beauchamp regarding same.

25 Do you have any recollection of your meeting

ROBERT G. ANDERSON, 6/21/2018

1 with Mr. Schenck on January 17th, 2014?

2 A. Only the vaguest.

3 Q. Okay. What's the vaguest?

4 A. I remember just generally being asked to review  
5 something with him that David was working on, and I went  
6 down to his office and sat there.

7 Q. Actually, you spent an hour with him --

8 A. Uh-huh.

9 Q. -- it looks like.

10 A. Yes.

11 Q. So when you say "review letters," your  
12 recollection you reviewed it with Schenck --

13 A. Yes.

14 Q. -- during that meeting?

15 A. In his office, yes.

16 Q. But you have no other recollection of what took  
17 place?

18 A. No.

19 Q. Turn to Exhibit No. 51.

20 Now, Exhibit No. 51 is not an email to you.

21 It's an email between Mr. Beauchamp and Mr. Schenck.

22 A. Uh-huh.

23 Q. Have you seen this email before?

24 A. Yes.

25 Q. When did you see it?

ROBERT G. ANDERSON, 6/21/2018

1 A. Yesterday.

2 Q. All right. Hadn't seen it before then?

3 A. No.

4 Q. Did you read this email yesterday?

5 A. Just -- just skimmed it ever so briefly.

6 Q. All right. Did it in any way refresh your  
7 recollection of what you and Mr. Schenck talked about on  
8 January 17th?

9 A. No.

10 Q. All right. Let's look at it in a little bit  
11 more detail.

12 Did you understand that DenSco was a hard-money  
13 lender?

14 A. No.

15 Q. You know you didn't even understand that?

16 A. Well, I was asked to do, I believe it was a  
17 Forbearance Agreement and I didn't dig deep into the  
18 bushes to find out all the background. I just needed to  
19 understand the structure of the loan that was at issue.

20 Q. Okay. I understand that. But in your minute,  
21 or not your minute entry, your billing statement, you talk  
22 about the loan and fraud.

23 A. Uh-huh.

24 Q. Do you remember being told about the fraud?

25 A. No, I don't recall being told about the fraud.

ROBERT G. ANDERSON, 6/21/2018

1 I believe it related to the letter that David had received  
2 from Bryan Cave. And, again, I --

3 Q. I will get to that.

4 A. Yeah. But that's -- that's --

5 Q. Here is what I would like you to do.

6 A. Sure.

7 Q. I don't want you to skim it. What I would like  
8 to do is, and it may take you a few minutes to do it, I  
9 want you to read --

10 A. Sure.

11 Q. -- the big print from Mr. Chittick. He writes  
12 it in big print for people like me to read it.

13 A. And me.

14 Q. And so you can just sort of read it. And I want  
15 you to read it because I'm going to ask you if it just  
16 refreshes your recollection.

17 A. Sure. Just give me a moment.

18 Okay.

19 Q. All right. Does this refresh your recollection  
20 at all about what you were told about the loans and the  
21 fraud?

22 A. No.

23 Q. You just read in the memorandum that  
24 Mr. Chittick would wire the money to the borrower as  
25 opposed -- as opposed to delivering the money to the

ROBERT G. ANDERSON, 6/21/2018

1 person conducting the deed of trust sale.

2 Based on your experience as a real estate  
3 attorney, is that a good practice?

4 A. Well, everything depends on circumstances, but  
5 in general, the better practice is to, you know, go  
6 through escrows and deal with a third-party stakeholder.

7 Q. So if someone were to come to you and say give  
8 us advice as to how Mr. Chittick should conduct his  
9 business, fair to say you would say don't send the money  
10 to the borrower, put it into escrow or deliver it  
11 personally?

12 A. Well, subject to, you know, the circumstances,  
13 because different facts control different outcomes, but my  
14 inclination would be to -- would be to find a safe place  
15 for the money.

16 Q. The circumstances you just read about in Exhibit  
17 No. 51, was that Mr. Monaged would receive the money, and  
18 then he said because he was distracted with his wife's  
19 illness, his cousin absconded with the money.

20 Those are bad circumstances, right?

21 A. They are very bad circumstances.

22 Q. Would you ever recommend that Mr. Chittick  
23 continue wiring money to Mr. Monaged under any  
24 circumstances?

25 MR. DeWULF: Object to form.



ROBERT G. ANDERSON, 6/21/2018

1 THE WITNESS: I -- that's difficult because I'm  
2 not in the middle of that particular fight, but -- and I  
3 don't know the -- I mean, the background facts can control  
4 a lot of outcome and a lot of decisions and a lot of legal  
5 advice and counsel, so -- I do sense the risk, though,  
6 yes.

7 Q. (BY MR. CAMPBELL) would it be your opinion that  
8 to continue wiring money to Mr. Monaged, after learning  
9 that his cousin had absconded with funds, would be a very  
10 high risk?

11 MR. DeWULF: Object to form.

12 THE WITNESS: Of -- I can't say high. I do see  
13 the risk, though, yes.

14 Q. (BY MR. CAMPBELL) Turn to Exhibit No. 36.

15 Now, I want you to look at Mr. -- well, first of  
16 all, have you seen Exhibit No. 36 before?

17 A. I -- I probably, you know, glanced at it  
18 yesterday, but I -- I don't recall reading it as we speak  
19 here, no.

20 Q. All right. I want you to look at Mr. Chittick's  
21 email to Mr. Beauchamp, dated January 9th, 2014. And he  
22 is talking about how he wires money to the borrowers.

23 A. Uh-huh.

24 Q. And if you look at the bottom, the last two  
25 lines, he says: I just don't do this with Scott. I do

ROBERT G. ANDERSON, 6/21/2018

1 this with 90 percent of the guys that I fund at auctions.

2 Do you see that?

3 A. Yes, I do see what you are -- the last two  
4 lines.

5 Q. Okay. And if you look, turn to the second page,  
6 on the paragraph that begins putting aside the logistics.  
7 So he says: Put aside the logistics for a second, what  
8 proof or what guarantee is there by me cutting the check  
9 and handing it to Suzy at the trustee sale -- trustee's  
10 office rather than my borrowers?

11 Did I read that correctly?

12 A. I believe so, yes.

13 Q. All right. So Mr. Chittick is asking  
14 Mr. Beauchamp really what's the best way to get the money  
15 over to close the deal, right?

16 A. Well, let me read the whole thing first.

17 Q. Go ahead. Absolutely.

18 A. Okay.

19 Q. All right. Fair to say Mr. Chittick is asking  
20 Mr. Beauchamp for advice about the best way to get the  
21 money over to close the deal?

22 MR. DEWULF: Object to form.

23 THE WITNESS: Well, maybe I need to read it -- I  
24 didn't -- I didn't read it that way. I read it that  
25 that's -- he was advising David on how he handled his

1 business dealings.

2 Q. (BY MR. CAMPBELL) All right. Fair to say that  
3 he was telling David how he would close deals and deliver  
4 the money to the borrower?

5 MR. DeWULF: Object to form.

6 THE WITNESS: Yes.

7 Q. (BY MR. CAMPBELL) And then let's look at  
8 what -- how Mr. Beauchamp responds.

9 You see at the top of page 1 he says: Let me  
10 see what other lenders got from the trustee and we can  
11 make a better decision. There is either another way to do  
12 it or someone described a procedure that does not work.

13 Do you see that?

14 A. Uh-huh.

15 Q. Did Mr. Beauchamp ever come to you and ask you  
16 to find out how other lenders got from the trustee to  
17 close this deal?

18 A. I have no recollection --

19 Q. Okay.

20 A. -- of such a discussion, no.

21 Q. But you would be the real estate attorney with  
22 real estate experience who is in the best position to find  
23 out how other hard-money lenders close a deal at deed of  
24 trust sales, correct?

25 MR. DeWULF: Object to form.

ROBERT G. ANDERSON, 6/21/2018

1 THE WITNESS: Well, I have -- Clark Hill has 30  
2 real estate lawyers and at least half of them highly  
3 skilled, so he can call any of us, but I'm -- I'm the  
4 closest one to his office.

5 Q. (BY MR. CAMPBELL) All right. Did he ever ask  
6 you, based on your certified specialty as a real estate --

7 A. Uh-huh.

8 Q. -- person to find out how hard money -- how  
9 other hard-money lenders close deals at deed of trust  
10 sales?

11 A. I don't believe so, no.

12 Q. Okay. Did he ever ask you to find out if there  
13 is another way to do it?

14 A. I don't believe so, no.

15 Q. Did he ever ask you to find out a procedure that  
16 does work?

17 MR. DeWULF: Object to form.

18 THE WITNESS: Does work? You will have to -- I  
19 need a bigger question. I just don't quite follow you.

20 Q. (BY MR. CAMPBELL) Okay. He says in his email:  
21 There is either another way to do it or someone described  
22 a procedure that does not work.

23 Did he ever ask you to recommend a procedure for  
24 Mr. Chittick on how he should deliver money for the close  
25 of deed of trust sales?

ROBERT G. ANDERSON, 6/21/2018

1 A. I -- I don't believe so, no.

2 Now, I will add the caveat that David would come  
3 by and ask me open questions and just say, you know, if I  
4 do this, what? And I mean, we had those kind of  
5 discussions, you know, on a regular basis, but I have no  
6 recollection of this at all.

7 Q. All right. Let's turn to Exhibit 53.

8 So Exhibit No. 53 is an email from Mr. Beauchamp  
9 to you.

10 Do you see that?

11 A. Uh-huh. Yes.

12 Q. That's a yes?

13 A. Yes. Excuse me.

14 Q. And you will see it starts out saying, "Bob:  
15 Attached is the demand letter from Bryan Cave."

16 Do you see that?

17 A. I do.

18 Q. Okay. And this was what you talked about in  
19 your meeting with Mr. Schenck, this letter?

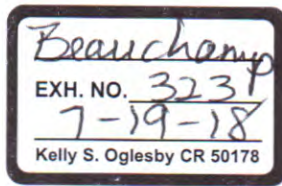
20 A. Yes, I believe so.

21 Q. So let's turn the page. And this is the letter  
22 from Bryan Cave, dated January 6, 2014.

23 Now, did you read this letter?

24 A. Of -- I can only assume I did, because I  
25 discussed it with Daniel Schenck in that meeting in his

# **Exhibit No. 143**



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

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*Preliminary Report*  
*of*  
*Peter S. Davis, as Receiver of DenSco Investment Corporation*

*September 19, 2016*

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**LIST OF EXHIBITS**

Exhibit 1 .....Outstanding Loans as of August 18, 2016

## 1. Background and Appointment of the Receiver

DenSco Investment Corporation (“DenSco”) is an Arizona corporation formed by Denny Chittick (“Chittick”) in April 2001.<sup>1</sup> Since at least 2009, DenSco was engaged primarily in funding the purchase of real estate secured by deeds of trust using money raised from investors.<sup>2</sup> DenSco issued Confidential Private Offering Memoranda (“POM”) to investors before or at the time of their investments.<sup>3</sup> DenSco represented to investors that DenSco would maintain a maximum loan-to-value ratio (“LTV”) of 70%, and that all loans would be secured by first position deeds of trust.<sup>4</sup>

Chittick passed away on July 28, 2016. The Estate of Denny J. Chittick (“Estate of Chittick”) is represented by attorney James Polese (“Polese”) of Gammage & Burnham, PLC. Prior to the appointment of the Receiver, DenSco was represented by attorney David Beauchamp (“Beauchamp”) of Clark Hill, PLC. Prior to his death, Chittick prepared a letter to Robert Koehler (“Koehler”) containing detailed instructions for servicing the DenSco loans. Chittick’s letter instructed Koehler to contact Beauchamp, who previously served as DenSco’s attorney, for assistance as needed.

On August 17, 2016, the Arizona Corporation Commission (“ACC”) filed a Verified Complaint (“Complaint”) alleging that DenSco had violated various Arizona securities laws. Despite DenSco’s representations to investors, certain borrowers received loans at or exceeding 100% LTV.<sup>5</sup> In addition, in or before 2013, DenSco began providing investor funds to a particular borrower without obtaining a first position deed of trust on the underlying real property.<sup>6</sup>

In its Complaint, the ACC requested that the Court (1) appoint a Receiver to marshal and preserve DenSco’s assets for the benefit of DenSco’s investors; and (2) issue a preliminary injunction restraining DenSco from removing, encumbering, or otherwise disposing of its assets.<sup>7</sup>

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court.

Pursuant to the Order Appointing Receiver (“Receivership Order”), the Receiver obtained a bond in the amount of \$100,000, which was filed with the Court on August 19, 2016. On the same date, Guttilla Murphy Anderson, PC (“GMA”) filed a Notice of Appearance as counsel for the Receiver.

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<sup>1</sup> Arizona Corporation Commission report for file no. 09874884.  
<sup>2</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 6.  
<sup>3</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 7.  
<sup>4</sup> CV 2016-014142; Verified Complaint; page 2, paragraphs 8-10.  
<sup>5</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 11.  
<sup>6</sup> CV 2016-014142; Verified Complaint; page 3, paragraph 12.  
<sup>7</sup> CV 2016-014142; Verified Complaint; pages 5-6, paragraphs 1-2.



Among other things, the Receivership Order directed the Receiver to take exclusive control, possession, and custody of all Receivership Assets (as defined therein);<sup>8</sup> receive and collect any and all sums due or owing to DenSco;<sup>9</sup> liquidate Receivership Assets; and engage professionals to assist the Receiver in carrying out his duties and obligations.<sup>10</sup>

On September 2, 2016, the Court entered an order approving Receiver's Petition No. 1, which established the Receiver's billing rate, authorized the engagement of the Receiver's firm, Simon Consulting, LLC, to provide professional support services to the Receiver, and appointed GMA as general legal counsel to the Receiver.<sup>11</sup>

On September 2, 2016, the Court entered an Order approving Receiver's Petition No. 2, which clarified important procedural and administrative aspects of the DenSco receivership proceeding. Among other things, Order re: Petition No. 2 established that relief in the Court relating to the administration of the Receivership would come in the form of pleadings called "Petitions"; Each petition shall be consecutively numbered; Clarified that the receivership case would remain on the active calendar until terminated by order of the Receivership Court; Established procedures for service and for the maintenance and use of service lists regarding the receivership; Authorized the filing of *ex parte* petitions by the Receiver for certain limited matters; Established an interim claims procedure for persons who wish to assert a claim against the receivership estate; Authorized the Receiver's use of discovery to obtain information concerning the Receivership's assets or causes of action; and established a procedure for filing petitions for the payment of the Receiver's fees and the fees of all professionals engaged by the Receiver.

## **2. Receivership Activities**

### **2.1. Recovery of DenSco Records**

The Receivership Order directed all persons to promptly surrender to the Receiver all books and records pertaining or belonging to DenSco.<sup>12</sup> After Chittick's death, but before the appointment of the Receiver, representatives of the Chittick Estate removed sixty-five (65) boxes of DenSco records from Chittick's home. Upon the establishment of the Receivership, the DenSco records were located in three distinct locations. As of the date of this report, the Receiver has possession of all sixty-five (65) boxes of records, including four (4) boxes recovered from the ACC, thirteen (13) boxes recovered from Beauchamp, and forty-eight (48) boxes recovered from the Chittick Estate. In addition the Chittick Estate has produced to the Receiver numerous selected electronic records extracted from Chittick's laptop computer, including DenSco's QuickBooks data, Chittick's daily logs, loan documents, and other items. The Receiver's initial analysis of these DenSco records is ongoing.

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<sup>8</sup> CV 2016-014142; Order Appointing Receiver; pages 1-2, paragraphs 1-2.

<sup>9</sup> CV 2016-014142; Order Appointing Receiver; page 6, paragraph 17.

<sup>10</sup> CV 2016-014142; Order Appointing Receiver; page 6, paragraph 18.

<sup>11</sup> CV 2016-014142; Order Re: Petition No. 1.

<sup>12</sup> CV 2016-014142; Order Appointing Receiver; page 2, paragraph 3.



## 2.2. Receivership Assets

Based on the information provided, DenSco's assets as of August 18, 2016, or the inception of the Receivership, and as of the date of this report are summarized as follows:

**Table 1:  
DenSco Receivership Assets<sup>13</sup>**

Asset	As of Aug 18, 2016			As of Sep 19, 2016		
	No. of Loans	Book Value	% of Loans	No. of Loans	Book Value	% of Loans
Cash in Bank		\$ 1,380,654			\$ 3,892,270	
Portfolio of Loans						
Yomtov Scott Menaged, et al. - 91 Loans	91	43,947,820	89%	91	43,947,820	92%
Other Borrowers - 47 Loans	47	5,515,434	11%	35	3,588,371	8%
Total Loans	138	49,463,254	100%	126	47,536,191	100%
Total Assets		\$ 50,843,908			\$ 51,428,461	

As summarized above and discussed in detail in **Section 3.1.3** below, twelve (12) loans have been paid off since the inception of the receivership.

See **Exhibit 1** for a detailed list of the loans referenced in **Table 1** above. As shown above, approximately 92% of DenSco's current loans receivable are due from a single borrower, Yomtov Scott Menaged ("Menaged") or his related companies. For the purposes of this analysis, the Menaged loans include eighty-seven (87) loans to Arizona Home Foreclosures, LLC ("AHF"), two (2) loans to Easy Investments, LLC ("Easy"), one (1) loan to Menaged's mother, Michelle Menaged, and one (1) loan to Menaged's brother, Jess Menaged. According to public records, Menaged is the sole member and manager of AHF and Easy.<sup>14</sup>

### 2.2.1. Administration of DenSco Loan Portfolio

DenSco's primary business was as a "hard money lender" funding the purchase of real estate secured by deeds of trust.

Upon the establishment of the Receivership, DenSco appeared to have a portfolio of loans. Upon the establishment of the Receivership, the Receiver learned that prior to his death, Chittick prepared a letter to Koehler containing detailed instructions for servicing the DenSco loans and a spreadsheet listing the DenSco loans with information regarding the status of each loan. Chittick's letter instructed Koehler to contact Beauchamp, who previously served as DenSco's attorney, for assistance as needed.

<sup>13</sup> The Receivership records referenced 139 loans totaling \$49,572,254; however, Chittick had previously issued a payoff statement for Loan 8115, the proceeds of which were wired to DenSco's FirstBank account on 07/29/16. Accordingly, this loan is not included in **Table 1** above.

<sup>14</sup> Arizona Corporation Commission report for file nos. L14182824 and L13962668.



In the interim period between Chittick's death and the establishment of the Receivership, Koehler and Beauchamp were facilitating certain operational aspects of DenSco's loan portfolio, including preparing and providing borrowers with payoff statements and facilitating the release and reconveyance of liens that were paid off. Apparently, Chittick prepared and retained executed releases and reconveyances in the various DenSco loan files. It appears that all proceeds payable to DenSco during the interim period before the appointment of the Receivership were deposited into DenSco's bank account.

Upon the establishment of the Receivership, the administration of the loan portfolio was transitioned to the Receiver. As set forth in more detail below, The Receiver has received numerous requests for payoff statements from various DenSco borrowers. From the inception of the receivership through the date of this report, twelve (12) loans have been paid off. The Receiver has recovered a total of \$1,952,247 in loan payoff proceeds, including \$1,927,063 in principal and \$25,183 in interest payments and fees.

Among other things, letters have been sent to all DenSco borrowers requesting that loan payments be directed to the Receiver and that requests for payoff statements be submitted to GMA. The Receiver and GMA has been working directly with borrowers who have contacted the Receiver with requests to pay off their loans to provide borrowers with timely information and payoff statements.

The Receiver has received approximately ten (10) additional requests for payoff statements, which are in progress as of the date of this report. The total principal balance of these pending payoffs is \$1,199,900.

Based on communications with several borrowers, the Receiver has concluded that Chittick was essentially servicing the DenSco loan portfolio by himself and was very relaxed with regard to enforcing the terms of the DenSco loan documents. For example, many borrowers have indicated that DenSco did not enforce the maturity date stated in the promissory note and allowed borrowers to continue to make monthly interest payments at the stated interest rate. Pursuant to the loan documents, a borrower's failure to pay the principal amount of the loan at the date of maturity constituted a default, which would increase the interest rate under the note to the default rate of 29%. However, borrowers have reported that DenSco did not declare the note in default and did not charge default interest, despite having authority to do so pursuant to the loan documents. One borrower claimed that Chittick accepted less than the stated monthly interest payment if the monthly payment was paid in cash.<sup>15</sup> As a result of Chittick's historically lenient enforcement of the DenSco loan terms, many borrowers are surprised when they were provided with payoff statements from the Receiver that precisely follow the terms of the loan documents.

Accordingly, for any borrower who has continued to make monthly interest payments after the maturity date, the Receiver intends to not declare the loan in default as long as the interest

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<sup>15</sup> This claim appears to be correct, as hand written notations in the loan file indicate that Chittick gave a \$100.00 discount for monthly interest payments paid in cash.



payments are made. This practice will continue until further notice while the Receiver attempts to obtain a payoff of the loan or a modification of the loan establishing a new maturity date. For borrowers that stopped making the monthly interest payments following expiration of the maturity date, and in the absence of other mitigating circumstances, the Receiver intends to declare the note in default and proceed with the enforcement of DenSco's rights under the note and deed of trust. In addition, it appears that DenSco did not assess late charges (10% of the payment amount) for payments that were made after the grace period. If borrowers made the required monthly interest payments prior to the appointment of the Receiver and a late fee was not charged by DenSco, the Receiver does not intend to assess late charges for late payments. However, for any payments due prior to the appointment of the Receiver and not paid within the grace period, the Receiver will assess late charges.

### **2.2.2. Menaged Bankruptcy**

Menaged filed personal Chapter 7 bankruptcy on April 20, 2016. Jill H. Ford was appointed as the Chapter 7 Trustee ("Trustee"). Initially, Menaged did not list DenSco as a creditor on his bankruptcy schedules, nor did he reference his ownership interests in AHF, Easy or any of the other business entities that are registered in his name.

On August 22, 2016, GMA filed a Notice of Appearance on behalf of the Receiver in Menaged's bankruptcy case, requesting written notice of all proceedings and copies of all documents and pleadings filed in the bankruptcy case. On the same date, GMA filed a motion for a Rule 2004 examination [a deposition] of Menaged and seeking a production of documents related to Menaged's business relationships with DenSco.

On August 25, 2016, Menaged filed amended bankruptcy schedules, which disclosed that DenSco was both a secured and unsecured creditor of Menaged. Specifically, Menaged disclosed that DenSco was a secured creditor as to real estate located at 1506 West Winter Drive, an unsecured creditor as to a real property located at 9555 East Raintree Drive, and an unsecured creditor in an unknown amount pursuant to what Menaged described as "Personal Guaranty on Line of Credit for Arizona Home Foreclosures; Forbearance Agreement."

Despite filing bankruptcy in April of 2016, Menaged's initial meeting of creditors did not occur until August 26, 2016. GMA attended the 341 hearing and asked Menaged a series of questions regarding his business relationship with the DenSco. The Receiver intends to conduct a deposition of Menaged to explore the issues surrounding the lending relationship between Menaged and DenSco. Currently, the Receiver's deposition of Menaged is set for September 22, 2016. However, it is expected that the deposition of Menaged will be continued and conducted at a mutually convenient date in the future.

### **2.2.3. Menaged Forbearance Agreement/Receivership of Furniture King**

On April 16, 2014, DenSco entered into a Forbearance Agreement with AHF, Easy, Menaged, and Furniture King, LLC, in which Furniture King, LLC agreed to guarantee \$35,639,881 in



loans due from AHF and Easy. Pursuant to the Forbearance Agreement, AHF and Easy's obligations to DenSco were secured by a lien against all of Furniture King LLC's assets.<sup>16</sup> Menaged is the sole member and manager of Furniture King, LLC.<sup>17</sup> In addition, DenSco filed a UCC Financing Statement with the Arizona Secretary of State on May 8, 2014, documenting DenSco's interest in Furniture King, LLC's inventory and other assets.<sup>18</sup>

After conducting an investigation into the priority of DenSco's secured position as to Furniture King, LLC, the Receiver determined DenSco has a secured interest in all of Furniture King, LLC's accounts, assets, and equipment, and DenSco is in a priority position to receive the overwhelming majority of funds from the liquidation of the assets of Furniture King, LLC. Furthermore, According to the Trustee's investigation, Furniture & Electronic King, LLC is a continuation or successor of Furniture King, LLC, and Scott's Fine Furniture, LLC is a continuation or successor of Furniture & Electronic King, LLC. Given that Furniture & Electronic King, LLC and Scott's Fine Furniture, LLC are the continuation of Furniture King, LLC (collectively, "Furniture King"), the Receiver contends he is a secured creditor of all assets of Furniture King.

The Receiver and the Trustee have entered into a settlement agreement ("Settlement Agreement") whereby the Trustee agreed to stipulate to an order placing Furniture King in receivership in exchange for the Receiver's agreement to distribute 10% of DenSco's portion of the net recoveries from Furniture King's assets to the Trustee for the benefit of Menaged's creditors. On September 14, 2016, both the Settlement Agreement and the Stipulation were filed with the respective Courts. Today, the Receivership Court has entered its Order placing Furniture King into Receivership. Accordingly, the Receiver has begun to locate and secure the assets of Furniture King. Eventually, the Receiver will liquidate the assets of Furniture King for the benefit of Furniture King's creditors, including DenSco.

### **2.3. Receivership Liabilities**

Based on the information located in DenSco's records, DenSco's liabilities as of August 18, 2016, or the inception of the Receivership, consist of investor payables totaling \$51,867,387. The Receiver has not yet verified this amount.

#### **2.3.1. Investor Communications**

On August 19, 2016, the Receiver sent an email to all investors pursuant to a list of investor email addresses provided by the ACC. In this email, the Receiver provided investors with a copy of the Receivership Order and described the tasks completed to date and the Receiver's plan going forward. The Receiver also advised investors that GMA would be hosting an investor conference call on August 22, 2016 in order to address investor questions.

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<sup>16</sup> Forbearance Agreement dated 04/16/14; page 5, section 6(D).

<sup>17</sup> Arizona Corporation Commission report for file no. L17038449.

<sup>18</sup> UCC Financing Statement (file no. 2014-001-5063-0).



As promised, GMA hosted an investor conference call on August 22, 2016. Unfortunately, unanticipated limitations on the telephone conference line prevented several investors from participating. However, one investor took detailed notes during the call and sent an email to all investors containing a list of the investors' questions and the corresponding responses.

The Receiver sent an additional email update to all investors on September 13, 2016. In this email, the Receiver described the primary tasks completed to date as well as tasks in progress. The Receiver informed investors of a plan to hold an in-person meeting with investors tentatively scheduled for October 21, 2016 at 1:30 p.m. in order to provide a more comprehensive update of the DenSco Receivership.

In addition to the investor communications discussed above, the Receiver has established a receivership website at [denscoreceiver1.godaddysites.com](http://denscoreceiver1.godaddysites.com). Visitors to DenSco's original website ([denscoinvestment.com](http://denscoinvestment.com)) are automatically redirected to the Receivership website. The Receivership website is regularly updated to include links to both historical and recent Court filings in the Receivership proceeding, the Chittick probate proceeding, and the Menaged bankruptcy proceeding.

### 3. Receivership Accounting

To ensure that the Receivership Estate's cash is fully FDIC insured, the Receiver has opened bank accounts at three (3) different financial institutions, including Wells Fargo Bank, the National Bank of Arizona, and Arizona Business Bank. The majority of the Receivership Estate's cash is held at Arizona Business Bank, which offers an Insured Cash Sweep service that includes multi-million-dollar FDIC insurance by sweeping cash to other banks. The Receiver intends to use the Wells Fargo account as the primary operating account from which funds will be transferred to and from the Arizona Business Bank account as necessary.

As of the date of this report, the Receiver has collected a total of \$3,899,796 and has disbursed a total of \$2,395, resulting in a current balance of \$3,897,400, which is held at the following financial institutions:

**Table 2:**  
**Summary of Current Cash Balances**  
**As of September 19, 2016**

Financial Institution	Balance
Wells Fargo Bank - Account 6124	\$ 1,257,400
National Bank of Arizona - Account 3910	240,000
Arizona Business Bank - Account 9290	2,400,000
<b>Total Cash Balance</b>	<b>\$ 3,897,400</b>

Details of the cash collections and disbursements to date are provided below in **Section 3.1** and **Section 3.2** respectively.



### 3.1. Collections to Date

The Receiver has collected a total of \$3,899,796 on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows and discussed in detail below:

**Table 3:  
Summary of Cash Collections  
As of September 19, 2016**

Description	Amount
FirstBank Account Balance as of 08/18/16	\$ 1,380,654
Cash Collected from the Chittick Estate	551,140
Loan Proceeds	
Payoff Proceeds - Principal	1,927,063
Payoff Proceeds - Interest & Fees	25,183
Additional Loan Interest	15,755
Subtotal Loan Proceeds	1,968,002
<b>Total Cash Collected</b>	<b>\$ 3,899,796</b>

#### 3.1.1. Funds Collected from Pre-Receivership Account at FirstBank

As shown in **Table 1** of **Section 2.2** above, DenSco's pre-receivership bank account at FirstBank held a balance of \$1,380,654 as of the inception of the Receivership, or August 18, 2016. By the time FirstBank agreed to turn over the funds to the Receiver, the account balance had increased to \$1,551,706 as a result of borrower payments deposited to the account. Thus, the Receiver recovered \$1,551,706 from DenSco's pre-receivership bank account, including \$171,053 in borrower payments made during the receivership. These borrower payments are included in the loan proceeds discussed in **Section 3.1.3** below.

#### 3.1.2. Cash Collected from the Chittick Estate

In the initial days after the establishment of the Receivership, the Receiver was informed that a large amount of cash was discovered [but not seized] by the Chandler Police Department ("Chandler PD"), who conducted an investigation into the death of Chittick. The Receiver was provided a copy of the Chandler PD's police report which indicates that a series of notes, left by Chittick, apparently lead the Chandler PD to a cardboard box in a dryer at the residence of Chittick's parents. Apparently, the box contained a large amount of cash and instructions to the Personal Representative of Chittick's Estate. Upon his appointment, the Receiver contacted the Personal Representative of Chittick's Estate to determine the disposition of the cash. The Personal Representative informed the Receiver that the cash was being held in a vault at a jewelry store in Tempe, Arizona. On August 25, 2016, the Receiver and the Personal Representative retrieved the box from the jewelry store, and the box and its contents were transported to Wells Fargo Bank. The contents were counted and deposited into a Receivership bank account. The total amount of cash recovered was \$551,140.

The precise source of the cash is unknown. The Receiver is in the process of analyzing the transactions reflected in DenSco's pre-receivership bank from the date the account was opened (October 2014) through the date of the Receivership, but has not identified any cash withdrawals



that would explain the source of the cash. However, as mentioned in **Section 2.1.1** above, at least one borrower claimed that Chittick accepted less than the stated monthly interest payment if such payments were paid in cash. The Receiver has not yet determined whether any other borrowers made cash payments. However, interest payments received from this particular borrower were not recorded in DenSco's QuickBooks file, nor were they deposited into DenSco's bank account.

### **3.1.3. Loan Proceeds**

The Receiver has received numerous requests for payoff statements from various DenSco borrowers. From the inception of the receivership through the date of this report, twelve (12) loans have been paid off. The Receiver has recovered a total of \$1,952,247 in loan payoff proceeds, including \$1,927,063 in principal and \$25,183 in interest and fees.

The Receiver has also collected additional DenSco loan interest payments totaling \$15,755.

#### **3.1.3.1 Resolution of MWM-AZ, PLLC Loans**

As of the inception of the Receivership, borrower MWM-AZ, PLLC ("MWM") had six (6) outstanding DenSco loans totaling \$946,440. MWM offered to repay the full principal balance plus interest at the non-default rate of 18% from September 1, 2016 through the date payment was tendered. Historically, MWM made interest payments to DenSco in cash, so MWM's interest payments were not reflected in DenSco's pre-receivership bank account, but the loan files and spreadsheets maintained by Chittick indicate that the required monthly payments were received through July 2016. The Receiver was unable to confirm that MWM's August 2016 interest payments had been received, but did identify an email from MWM's principal, Victor Gojcay ("Gojcay") dated August 2, 2016 in which Gojcay informed Chittick that the money was in the "box".<sup>19</sup> In addition, Gojcay signed a declaration confirming that he had placed \$13,596 in Chittick's mailbox in payment of the interest on all six (6) loans in early August 2016. The Receiver is working to determine what happened to the cash placed in Chittick's mailbox.

In resolution of these loans, the Receiver agreed to accept MWM's offer and received a total of \$950,699, including principal and interest, in full repayment of MWM's six (6) outstanding loans on September 9, 2016. This amount is included in the loan proceeds discussed in **Section 3.1.3** above.

### **3.2. Disbursements to Date**

The Receiver has disbursed a total of \$2,395 on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows:

---

<sup>19</sup> Email from Victor Gojcay to Denny Chittick dated 08/02/16, stating, "\$ in box."

**Table 4:**  
**Summary of Cash Disbursements**  
**As of September 19, 2016**

Payee	Purpose	Amount
Bondwriter Southwest, Inc.	Receivership Bond Premium	\$ 500
Wells Fargo Bank	Cash Deposited Fee	1,631
Wells Fargo Bank	Incoming Wire Fees	150
Wells Fargo Bank	Check Order	71
FirstBank	Bank Records Requested	44
<b>Total Cash Disbursed</b>		<b>\$ 2,395</b>

#### 4. Analyses Completed to Date

##### 4.1. Analysis of Chittick's Investment in DenSco<sup>20</sup>

Chittick was a DenSco investor with a total balance of \$3,625,313 as of December 23, 2014; however, Chittick's investor balance was eliminated on approximately December 31, 2014 as follows:

**Table 5:**  
**Summary of Chittick Investments in DenSco**

Date	Investor Name	Balance
12/30/14	Chittick, Denny	\$ 1,448,460
12/30/14	Chittick, Denny - 401k	359,609
12/23/14	Chittick, Denny - DB Plan	1,817,243
	<b>Total Balance</b>	<b>3,625,313</b>
12/31/14	Converted to DenSco Capital Stock	(1,448,460)
12/31/14	Check to Vanguard Group	(359,609)
12/24/14	Check to Denny Chittick	(1,817,243)
	<b>Total Withdrawals</b>	<b>(3,625,313)</b>
	<b>Net Investor Balance</b>	<b>\$ -</b>

As a result of his investments in DenSco, Chittick received interest payments totaling \$2,105,669. Of this, Chittick received \$1,617,632 in cash from 2001 through 2014. A total of \$354,504 was accrued from 2006 through 2014, which was eventually transferred to another account in the name of Chittick's Defined Benefit Plan ("DBP"). The remaining \$133,533 was accrued from 2006 through 2014 and was eventually transferred to Chittick's 401(k) account at Vanguard Group.

The sources of the reported investor balance of Chittick's DBP as of December 23, 2014 are as follows:

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<sup>20</sup> The information and terminology used in this section is directly from the DenSco's books and records. To date, the information and transactions reflected above have not been independently verified and confirmed.



**Table 6:  
Summary of Chittick DBP Investor Balance  
As of December 23, 2014**

Source	Amount
Cash Deposit	\$ 77,009
DenSco Benefit for 2006	82,592
DenSco Benefit for 2007	55,000
DenSco Benefit for 2008	5,862
DenSco Benefit for 2010	30,000
DenSco Benefit for 2011	54,948
DenSco Benefit for 2012	290,039
DenSco Benefit for 2013	867,289
Accrued Interest	354,504
<b>Total</b>	<b>\$ 1,817,243</b>

The Receiver located a copy of the 2015 tax return for DenSco's Defined Benefit Pension Plan, of which Chittick was the only participant, in the electronic files extracted from Chittick's computer. As of 2015, the plan had a balance of \$1,824,729, which is nearly equivalent to the amount summarized in Table 6 above and transferred from DenSco to a third party administrator in December 2014.

#### **4.2. Preliminary Analysis of Pre-Receivership Bank Account Activity**

The Receivership Order directed the Receiver to recommend to the Court, based on the Receiver's initial investigation, if the claims against DenSco should be adjudged in the Bankruptcy Court. Among other things, the Receiver analyzed DenSco's financial records to determine if DenSco made any transfers that would be generally considered as preferences, i.e. transfers made prior to a bankruptcy filing to a creditor by a debtor to the exclusion or detriment of its other creditors. The Receiver focused his analysis on payments made to creditors in the ninety (90) days before a bankruptcy filing and payments to insiders of DenSco or Chittick in the last year. For the purposes of this analysis, the Receiver analyzed the 90-day period from June 1, 2016 through August 31, 2016 (the "90-Day Window"), and the one-year period from September 1, 2015 through August 31, 2016 (the "Insider Window").

##### **4.2.1. The 90-Day Window**

Based on the Receiver's analysis of the transactions that occurred during the 90-Day Window, the Receiver found as follows:

- None of the DenSco investors withdrew any principal during the 90-day window.
- DenSco disbursed approximately \$438,614 in regular interest payments to investors.
  - For the most part, DenSco paid investors interest in a consistent manner. The information provided does not indicate that any investors received preferential treatment with regard to interest disbursements.
- DenSco paid \$2,070 to Clark Hill, PLC for professional fees.

- DenSco did not make any transfers to or from Yomtov Scott Menaged during the 90-Day Window.
- DenSco transferred funds to and from other third-party borrowers, but the transfers appear to be consistent with DenSco's historical lending practices.

#### 4.2.2. The Insider Window

Alleged insiders include Chittick, Chittick's father, Chittick's uncle, and Chittick's former father-in-law. Based on the Receiver's analysis of the transactions that occurred during the Insider Window, the Receiver found as follows:

- Denny Chittick:
  - Chittick had three (3) investor accounts (personal, 401k, defined benefit plan), all of which were withdrawn in December 2014, prior to the Insider Window.
- Chittick's father:
  - DenSco has not distributed any principal to Chittick's father since 2006.
  - Chittick's father received regular monthly interest payments of \$5,750 during eleven (11) of the twelve (12) months in the insider window for a total of \$63,250. No interest was paid in August 2016.
- Chittick's uncle:
  - DenSco has not distributed any principal to Chittick's uncle.
  - Chittick's uncle received regular quarterly interest payments of \$12,104.42, paid on September 30, 2015; December 31, 2015; and March 31, 2016; for a total of \$36,313. The Receiver's analysis indicates that DenSco did not issue a June 30, 2016 interest payment to Chittick's uncle.
- Chittick's former father-in-law:
  - DenSco has not disbursed any principal to Chittick's former father-in-law.
  - Chittick's former father-in-law received regular monthly interest payments of \$800 during eleven (11) of the twelve (12) months in the insider window for a total of \$8,800. No interest was paid out in August 2016.

### 5. Receiver's Recommendation Regarding Bankruptcy

I do not recommend filing a petition in bankruptcy for DenSco at this time. The reasons for this recommendation are as follows:

First, DenSco's principal purpose appears to be the facilitation of real estate investment as a "hard money" lender. As such, the corporate defendant does not need to be reorganized. Instead, the assets of DenSco need to be recovered by the Receiver and distributed to the DenSco investors.<sup>21</sup>

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<sup>21</sup> See *Commodities Future Trading Com'n v. FITC, Inc.*, 52 B.R. 935, 938 (N.D. Cal. 1985) (Defendant corporation was nothing more than a "front for a large and elaborate commodities fraud").



Second, given the limited information available to the Receiver, it is possible that it may be determined that the assets of DenSco were obtained through potentially fraudulent means, and because of the possible overlapping criminal activities and regulatory violations of DenSco, the panoply of legal issues will exceed the limited jurisdiction of a bankruptcy court.<sup>22</sup>

Third, another factor that strongly weighs in favor of not filing bankruptcy for DenSco is that a bankruptcy Trustee is subject to the *in pari delicto* defense to any legal or equitable claims while a Receiver is not. Specifically, although any bankruptcy trustee of DenSco would be afforded expansive powers, 11 U.S.C. § 541(a) clearly states that the bankruptcy estate is comprised of all legal or equitable interests of the debtor [DenSco] as of the commencement of the case. As such, any bankruptcy trustee steps in the Debtor's shoes. This exposes the bankruptcy trustee to the well-settled *in pari delicto* defense, which bars a bankruptcy trustee from benefitting from any legal claims if DenSco was equally, if not more, at fault. Fortunately, the *in pari delicto* defense does not apply to a receiver. As a result, in bringing an action on behalf of receivership entities, a receiver can establish that he is not bound by, nor is his right to sue on behalf of the receivership entities, tainted by the improper actions of the corporate owners and officers who may have engineered or participated in a fraudulent scheme.<sup>23</sup>

The inapplicability to a receiver to *in pari delicto* prohibitions is another reason that a receivership frequently is a more effective strategy for protecting the victims of fraud than a bankruptcy.<sup>24</sup>

Fourth, the most common premise for considering a bankruptcy filing is the determination that DenSco made a series of transfers that would be generally considered as preferences, i.e. transfers made prior to a bankruptcy filing to a creditor by a debtor to the exclusion or detriment of its other creditors. While the law surrounding preferences is well settled, generally a bankruptcy Trustee explores the recovery of payments made to creditors in the ninety (90) days before a bankruptcy filing and payments to insiders of the debtor in the last year. As set forth in **Section 4.2** above, my analysis of the financial activity of DenSco indicates that at best there are \$110,433 in possible preference claims. However, all of the payments totaling \$110,433 are regular interest payments and legal fees that were made in the ordinary course of DenSco's business operations and may be subject to a complete defense to a preference claim.

Therefore, based on the foregoing, the interests of judicial economy, and the protection of the interests of the DenSco investors, I strongly believe that a receivership in the Maricopa County

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<sup>22</sup> See *Federal Trade Com'n v. R.A. Walker & Assoc., Inc.*, 37 B.R. 608 (D.D.C. 1983) (holding that funds obtained through fraudulent means would not be considered property of the estate in a bankruptcy court and not within the jurisdiction of a bankruptcy court).

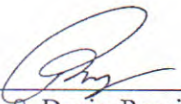
<sup>23</sup> See *Scholes*, 56 F.3d 750; *Donell v. Kowell*, 533 F.3d 762 (9th Cir. 2008); *Eberhard*, 530 F.3d 122; *World Harvest Church*, 2006 WL 870310, at \*\*5-6; *Quilling v. Cristell*, CIV.A. 304CV252, 2006 WL 316981 (W.D.N.C. Feb. 9, 2006); *Jones v. Wells Fargo Bank, N.A.*, 666 F.3d 955, 967 (5th Cir. 2012).

<sup>24</sup> See *Official Comm. of Unsecured Creditors v. R.F. Lafferty & Co. Inc.*, 267 F.3d 340 (3d Cir. 2001); *In re Hedged-Invs. Assocs.*, 84 F.3d 1281, 1284-86 (10th Cir. 1996); *Hirsch v. Arthur Andersen & Co.*, 72 F.3d 1085, 1093-94 (2d Cir. 1995); *Global Crossing Estate Representative v. Winnick*, 04 CIV.2558(GEL), 2006 WL 2212776, at \*16, n.21 (S.D.N.Y. Aug. 3, 2006); *In re Derivium Capital LLC*, 716 F.3d 355, 367 (4th Cir. 2013).

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

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Superior Court is preferable to a bankruptcy court proceeding. In making my recommendation, I have carefully considered the most significant advantages to a bankruptcy proceeding—the avoidance powers provided under the bankruptcy code and the mechanisms established for the protection of creditors. Neither of these advantages, in my opinion, outweighs the benefits to a receivership as set forth above. With respect to the avoidance powers provided under bankruptcy, I intend to rely on the Receivership Order empowering me to recover assets using the fraudulent transfer statutes and other statutes. To the extent that any of the assets of DenSco were used to purchase property prior to the institution of the receivership, I will seek to obtain possession of such property, and pursuant to this Court's orders, liquidate the property so that it may be used to distribute to the investors of DenSco. In order to provide protection to the creditors of DenSco and, in particular, the innocent investors, I intend to apply for a formal Order that establishes a mechanism for the filing and adjudication of claims against DenSco.

  
\_\_\_\_\_  
Peter S. Davis, Receiver  
Simon Consulting, LLC

\_\_\_\_\_  
September 19, 2016  
Date



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

DenSco Investment Corporation  
Outstanding Loans as of August 18, 2016

Exhibit 1

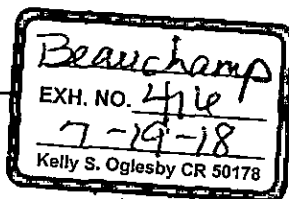
Borrower	No. of Loans	Total Loan Amount
<b>Yomtov Scott Menaged Loans</b>		
Arizona Home Foreclosures, LLC	87	42,841,640
Easy Investments, LLC	3	706,180
Michelle Menaged	1	400,000
<b>Subtotal</b>	<b>91</b>	<b>43,947,820</b>
<b>Other Borrower Loans</b>		
Aboveboard Marketing, LLC	1	115,000
AKS, LLC	1	150,000
AZ Home Buyer, LLC	2	342,508
Black Forrest, LLC	3	552,115
Blue Water Capital, LLC	1	85,000
Chevron Group, Inc	2	100,000
Chopper Construction, LLC	1	75,000
CNT Real Estate Investments	1	30,900
Colby Holdings 1, LLC	2	115,000
Daniel Smith	2	395,000
Emma Holdings I, LLC	1	115,476
Empire Legacy Investments	1	120,000
Equiworth, LLC	2	421,400
Global Qwest, Inc	1	75,000
J and J Marketing, LLC	1	50,000
Justin Moore	1	32,000
KAJU, LLC	1	29,000
Kenneth Nguyen	1	120,000
Maryvale Properties 1, LLC	4	235,000
Michael Tetreault	1	128,000
Miller 401k Profit Sharing	1	160,000
MWM-AZ, PLLC	6	946,440
Omega Prop Invest, LLC	1	100,000
Opreinvest, LLC	1	210,000
Peak Equity, LLC	1	120,096
Rimovsky Investments, LLC	1	230,000
Robert Humburg	1	25,000
Sanjel Krum Investments	2	67,500
Stone Capital Invest, LLC	1	260,000
Wesmore Rentals 1, LLC	2	110,000
<b>Subtotal</b>	<b>47</b>	<b>5,515,434</b>
<b>Grand Total</b>	<b>138</b>	<b>49,463,254</b>

**Sources:**

QuickBooks company file for DenSco Investment Corporation.  
DenSco spreadsheet containing loan information.  
Bank statement for FirstBank account ending in 5264 for July 2016.  
Payoff statement for Loan 8115.



# **Exhibit No. 144**



DenSio/

Tcu Robert Koehler (7/30/14)

talked to Denny Clittich's sister

208-

- Denny has sent a letter to DGB - did not get it yet.

- Denny committed suicide

- happened Thursday

Denny said he sent a letter to DGB with instructions

- also sent a detailed letter to Robert

- need to get both letters + discuss how to deal up this

- this will be first time investors will not receive interest payments

Shawna's Denny's sister

# **Exhibit No. 145**

## Beauchamp, David G.

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**From:** Robert Koehler <robert.densco@gmail.com>  
**Sent:** Sunday, July 31, 2016 3:47 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Densco meeting

thank you, see you at 1:30  
Shawna, Denny's sister, will be there as well.

On Sun, Jul 31, 2016 at 3:45 PM, Beauchamp, David G. <[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)> wrote:  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254

Southwest corner of Greenway and Scottsdale Rd

Thanks, David

Sent from my iPhone. Please excuse any typos.

On Jul 31, 2016, at 3:21 PM, Robert Koehler <[robert.densco@gmail.com](mailto:robert.densco@gmail.com)> wrote:

Please confirm your address at the office.

thanks,

On Sun, Jul 31, 2016 at 3:20 PM, Robert Koehler <[robert.densco@gmail.com](mailto:robert.densco@gmail.com)> wrote:  
[602-330-4624](tel:602-330-4624)

On Sun, Jul 31, 2016 at 1:10 PM, Beauchamp, David G. <[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)> wrote:  
Robert:

What is your mobile phone number for me to use to reach you if anything else comes up.

Thanks, David

Sent from my iPhone. Please excuse any typos.

> On Jul 31, 2016, at 1:08 PM, Beauchamp, David G. <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

>

> Robert:

>

> If possible, 1:30 would be better for me. Our mail gets to us by about 11:00, and we will let you know if my letter of instructions from Denny comes in Monday's mail. I have double-checked spam for late Thursday and Friday and I did not find it. I will also double check spam for Wednesday and early Thursday.

>

> Sorry to be getting together again under such circumstances.

>

> Best regards, David

>

> Sent from my iPhone. Please excuse any typos.

>

>> On Jul 31, 2016, at 12:41 PM, Robert Koehler <[robert.densco@gmail.com](mailto:robert.densco@gmail.com)> wrote:

>>

>> Hi David,

>>

>> Let me know if 1 or 1:30 works for tomorrow. If not, just give me the earliest time available.

>>

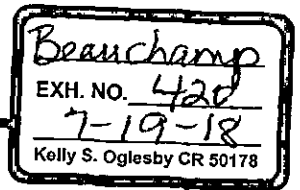
>> thanks,

>> Robert

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# **Exhibit No. 146**

Beauchamp, David G.



From: Beauchamp, David G.  
Sent: Sunday, July 31, 2016 10:49 PM  
To: Denny Chittick  
Subject: Re: Denny

Shawna:

Thank you for sending me a copy.

Best regards, David

Sent from my iPhone. Please excuse any typos.

On Jul 31, 2016, at 10:38 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

This is what I sent tonight. It took longer then anticipated.  
Thank you for your help,  
Shawna

----- Forwarded Message -----

From: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Sunday, July 31, 2016 10:23 PM  
Subject: Denny

Dear DenSco Investors,

With the absence of your July month end statements, and/or payments, and the concern you must have, it is with broken heart we share the passing of Denny J. Chittick on Thursday July 28th. His family has gathered and plans have not yet been finalized.

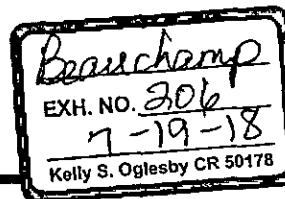
A meeting with Denny's attorney is planned for Monday, August 1st, to form a course of action. Further information will be transmitted within 48 hours of the meeting.

Thank you for your patience, understanding and kind condolences.

*The Chittick Family*



# **Exhibit No. 147**



Densco /

**Beauchamp, David G.**

**From:** Shawna Heuer <2chittickboys2@gmail.com>  
**Sent:** Monday, August 01, 2016 10:16 AM  
**To:** Beauchamp, David G.  
**Subject:** Densco and Denny  
**Attachments:** Investors.docx

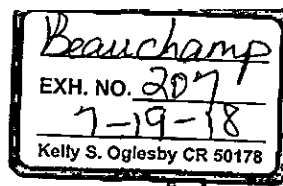
Hi, I doubt you'll receive anything in the mail today. we have found items that have not been mailed.

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 wifi 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,

# **Exhibit No. 148**



DenSco

Wind-down

(8/1/16)

Mtg w/ Shawna Heuer, Robert ~~Koch~~ <sup>Kochlear</sup>, Helen

(2.4)

- Divorce

- finalized in Summer 2012 or 2013  
↳ had been going on since 2009

- Shawna

- get Shawna appointed

\* Need to appoint

- Shawna - accountant, - works w/ communication/investors

- Tim Crown - has been trying to talk to Shawna about communicating

- Investor Letter:

→ Shawna sent last night to investors

- Brian

↳ neighbor across the street + DenSco's largest investors

- other neighbors are also large investors

Wed Communication: (DGB to do)

- Plan is being formulated

- ~~try to~~ Probate filed so Shawna will be appointed to be Personal Rep + in control of DenSco's stock

- Shawna will conduct a shareholder Mtg + have

(DGB)

Email #2 (Web Communication)

try to

- maximize return to investors
- plan to have an Advisory Bd of 5 Investors to work with and advise Shanna
- introduce Robert Kochler

(DGB)

Forensic Acctg

- provide 3 names

Shanna's  
emails

< 2 chatted bry 2 @ gmail.com >

Never. shanna @ gmail.com

~~House~~ House:

→ Denny put a lien on his house

- Line of credit — secured by house
- \$1,000,000 — acct — Denny maxed out his account
- Denny indicated a broker
- talk to Brian

— also talk to Brian about selling Tesla

Defined Benefit Plan for DenSco

→ CD at Bank

→ check w/ Bank to get copy of paperwork for Plan

[ Shawna DenSco @ gmail.com ]

> for investor letter

130 Accounts

103 Investors

89 or 88 emails

email list

# **Exhibit No. 149**

Notes (8/2/16)

→ Scott Managed

→ check status of BK - personal

→ does Denny have BK counsel - any claims filed

→ also look for BK filings for any entities referenced in  
(Forbearance Agmt  
→ AZ Home Foreclosures

→ check status of liens on Furniture + Scott's house

→ Research Auction.com

→ Pull Forbearance + clarify loan balances - various loans



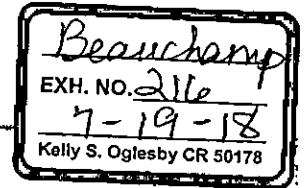
# **Exhibit No. 150**

CERTIFIED COPY

MICHAEL K. JEANES, CLERK  
BY B. RETH  
B. RETH FILED

16 AUG -4 AM 10:47

Clark Hill PLC  
Darra Lynn Rayndon, Bar No. 006146  
Michelle M. Tran, Bar No. 015893  
14850 N. Scottsdale Road Suite 500  
Scottsdale, Arizona 85254  
Telephone 480/684-1100  
Attorneys for Petitioner  
mtran@clarkhill.com



IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

In the Matter of the  
Estate of

DENNY J. CHITTICK,

Deceased.

No. PB2016-051754

LETTERS OF APPOINTMENT OF  
PERSONAL REPRESENTATIVE AND  
ACCEPTANCE OF  
APPOINTMENT AS  
PERSONAL REPRESENTATIVE

LETTERS OF PERSONAL REPRESENTATIVE

SHAWNA C. HEUER is hereby appointed Personal Representative of the Estate of  
DENNY J. CHITTICK, to serve without bond. Said Personal Representative shall not exercise  
the following powers without prior order of the Court: None.

DATED AUG 04 2016, 2016.



MICHAEL K. JEANES  
Clerk of the Superior Court

By: B. RETH  
Deputy Clerk

B. RETH

ACCEPTANCE OF APPOINTMENT

STATE OF ARIZONA       )  
                                      ) ss.  
County of Maricopa       )

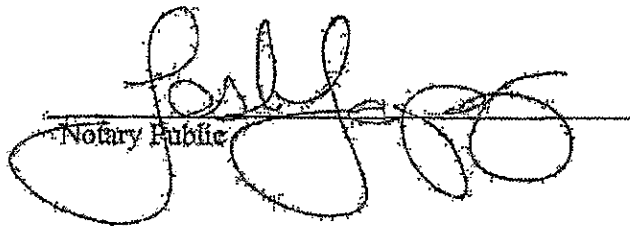
I accept the duties of Personal Representative of the Estate of the above-named  
person who has died and do solemnly swear or affirm that I will perform the duties as Personal  
Representative according to law.

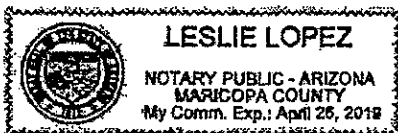
  
SHAWNA C. HEUER

Subscribed and sworn to or affirmed before me this 2 day of August  
2016, by SHAWNA C. HEUER.

My Commission expires:

April 26, 2019

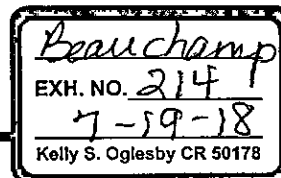
  
Notary Public



The foregoing instrument is a full, true and correct copy  
of the original on file in this office.  
I further certify that the Order/Statement appointing the  
Personal Representative, Conservator, Guardian  
was signed on AUG 03 2016 and that these  
letters have not been revoked.  
Attest AUG 04 2016  
MICHAEL K. JEANES, Clerk of the Superior Court of the  
State of Arizona, in and for the county of Maricopa.  
By [Signature] Deputy

# **Exhibit No. 151**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Wednesday, August 03, 2016 11:45 PM  
**To:** Heuer.Shawna@gmail.com  
**Cc:** rzkoehler@yahoo.com  
**Subject:** FW: Email to Investors of Densco Investment Corporation ("DenSco")

Shawna:

This is the revised and final email to DenSco's Investors with Robert's name completely deleted and your role being referenced as subject to what is determined after reviewing the loans. I did not copy you on this email to avoid anyone being able to get your email address. Under separate copy, I will send the original email to Gary Clapper at the AZ Securities Division. I left in the obligation to send an update on Friday, because that is what I had told several investors who had called me. If we can talk tomorrow afternoon to discuss what information we believe to be correct and how we want to present it, I would appreciate it.

Best regards, David

**David G. Beauchamp**

**CLARK HILL PLC**

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1128 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
dbeauchamp@clarkhill.com | www.clarkhill.com

**From:** Beauchamp, David G.  
**Sent:** Wednesday, August 03, 2016 11:35 PM  
**To:** acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butierv@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; jlimpatmc44@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; plidupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@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; wbush112@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.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) to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSco to each of you. The intent was to discuss what information we collectively had available concerning DenSco and its outstanding loans and to determine the best procedure to close down DenSco's business and

to return the capital contributed by DenSco's Investors. Each of us had already talked to a few people in the real estate investment business to discuss how we could obtain a preliminary analysis of DenSco's current loans. Specifically, we wanted to determine what information might be in DenSco's available files and records to indicate the likelihood of being able to collect the monies due DenSco so we could proceed with the wind-down of DenSco and the payments to the Investors..

Shawna was able to find someone familiar with certain aspects of the real estate investment business to do a very brief and superficial review of the loans to DenSco's borrowers which paperwork was in DenSco's files. This preliminary review will simply be to determine if DenSco's records indicate which of DenSco's loans seem to be fully secured and if DenSco's records show timely payment of the past payments so that we can consider these to be "Good Loans." We also will try to identify the date due as specified in the respective promissory note for each of these Good Loans to have an indication when each such loan is to be paid off. This money will add to DenSco's money that is anticipated to be returned to the Investors at the end of the wind-down process. We have also requested help 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 records 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. We believe that this preliminary review of the Good Loans will 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. Since many of the Troubled Loans stopped paying interest last October, DenSco has suffered a severe cash-flow problem. To resolve this cash-flow problem, 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 on 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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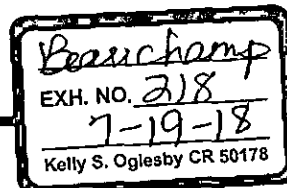
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# **Exhibit No. 152**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Thursday, August 04, 2016 4:27 PM  
**To:** Robert Koehler; 2chittickboys2@gmail.com  
**Subject:** RE: Densco info

Robert:

Thank you for taking the necessary time to do this review and to put this preliminary information together. This is a very clear statement of the problem.

Sorry for the phone call last night. I was wrong to push you so hard on the phone.

Best regards, David  
David G. Beauchamp

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Robert Koehler [<mailto:rzkoehler@gmail.com>]  
**Sent:** Thursday, August 04, 2016 1:58 PM  
**To:** [2chittickboys2@gmail.com](mailto:2chittickboys2@gmail.com)  
**Cc:** Beauchamp, David G.  
**Subject:** Densco info

Hello Shawna,

As per your request, I have gathered some preliminary information in regards to the loans that Densco holds. These estimates are derived from the information that was provided after Denny's passing. Remember, these are estimates 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 3rd party.

There are approximately 138 loans listed in the Densco portfolio.

50 of these 138 loans appear to be first position deeds of trust and to be available for liquidity within 0-6 months through normal business or the accelerated sale of notes

The approx 50 loans with collectable deeds of trust comprise of 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.

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 Menaged in some form. The 5 loans are comprised of 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 not evidence of recording and involve Arizona Home Foreclosures, LLC and Scott Menaged and comprise of approximately \$28,178,600

Additionally there appears to be accounts receivable (unsecured) to Menaged in an amount of \$14,339,339.79

**Summary**

\$4,981,736 (secured and liquidable)

\$2,533,000 (secured and require collection/involve Menaged)

\$28,178,600 (unsure of security, require collection via courts/involve Menaged)

\$14,339,339 (appear to be unsecured and require collection via courts, involve Menaged)

\$1,000,000 *Estimating (Densco bank accounts) ?confirm?*

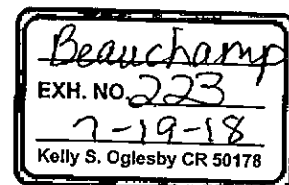
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**\$51,032,675.00**

*Last stated investor balance per Denny's spreadsheet June 2016*

**\$51,184,005.27**

# **Exhibit No. 153**



**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Friday, August 05, 2016 3:04 PM  
**To:** Shawna Heuer  
**Subject:** RE: DENSCO PAYOFF OUTSTANDING LOANS

Shawna:

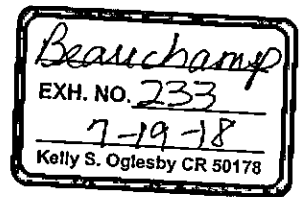
I know that you are not having a good day, but please let me know when we can talk. I just talked to Scott's bankruptcy attorney and what he said greatly upset me, so please be alone when we talk. If you want to wait to talk until this weekend, please let me know.

Best regards, David

**David G. Beauchamp**

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# **Exhibit No. 154**



**Beauchamp, David G.**

---

**From:** Shawna Heuer (via Dropbox) <no-reply@dropbox.com>  
**Sent:** Sunday, August 07, 2016 1:27 PM  
**To:** Beauchamp, David G.  
**Subject:** Shawna Heuer shared "DV-2016-07-25-142212.mp3" with you



Hi David,

Shawna Heuer (bsheuer@msn.com) invited you to view the file "DV-2016-07-25-142212.mp3" on Dropbox.



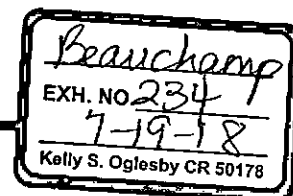
Enjoy!  
The Dropbox team

© 2016 Dropbox

# **Exhibit No. 155**



**Beauchamp, David G.**



**From:** Shawna Heuer <2chittickboys2@gmail.com>  
**Sent:** Sunday, August 07, 2016 1:28 PM  
**To:** Beauchamp, David G.  
**Subject:** Audio File

I just shared the audio file with you from dropbox from my old personal email address of:

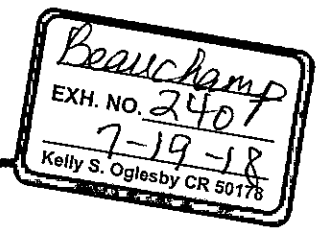
[bsheuer@msn.com](mailto:bsheuer@msn.com)

Let me know if it came thru. Now you and I both have the audio file. Of course, it is on Denny's computer also.

Just trying to think ahead.

# **Exhibit No. 156**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Monday, August 08, 2016 3:13 PM  
**To:** Shawna Heuer  
**Subject:** RE: DENNY J CHITTICK PCL1611401B-16317174

Shawna:

Thank you.

I did receive a subpoena from the AZ Corporation Commission for DenSco and for Denny. I will forward it to you under separate cover. I also talked to Wendy Coy and she agreed that we will have more time than the 10:00 am deadline on Wednesday to provide all of the documents and information. I will follow up and confirm that with a letter and send a copy to you.

Wendy Coy also said that she did not want any of the Investors to be at this first meeting with her on Wednesday. Wendy wants this to be a meeting where all thoughts can be shared and she agreed with a suggestion that if Investors are present that might add a "chilling effect." I will send an email to each of the Investors who have asked to attend that meeting. There have been several of them who have asked. I would like to have Brian attend, but I do not see how we can have him attend and not have the others attend. If you have any suggestions, please let me know.

Wednesday's meeting is scheduled for 2:00 pm in my office. Will you be able to come prior to the meeting so that we can discuss some of the issues so I understand how you want some issues to be handled? As we discussed, we will need to provide as much of the financial information of DenSco as possible. We will also have to provide a list of names, addresses and email addresses for all of the investors in DenSco. (I will also need to have a list of the names of the investors for me to check for potential conflicts of interest so I can open a separate Wind Down matter for DenSco.) I have had several attorneys call me to get your personal contact information, but I have declined to provide it. I have offered to send you a message, but the attorneys have declined. I have told them that after Wednesday's meeting with the Director of Enforcement of the Securities Division, that you will be either retaining counsel for this or you will be turning everything over to the Securities Division and the Securities Division will be handling this going forward. Until that decision is made, there is no reason for them to talk to you. They have also asked for a mailing address for you, but I have indicated that it is not necessary for them to have that at this time.

Best regards, David

**David G. Beauchamp**

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Shawna Heuer [mailto:2chittickboys2@gmail.com]  
**Sent:** Monday, August 08, 2016 2:50 PM  
**To:** Beauchamp, David G.  
**Subject:** Fwd: DENNY J CHITTICK PCL1611401B-16317174

I realize this may not be anything you need and maybe Michelle can talk to me about it. It's Denny's umbrella policy.

Thanks!

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

From: Duane Taylor <[dtaylor7@farmersagent.com](mailto:dtaylor7@farmersagent.com)>

Date: Mon, Aug 8, 2016 at 1:32 PM

Subject: Fwd: DENNY J CHITTICK PCL1611401B-16317174

To: [2chittickboys2@gmail.com](mailto:2chittickboys2@gmail.com)

HI Shawna, see attached from the umbrella company. Any questions just let me know.

Forwarded message is attached.

Duane Taylor

Farmers Insurance

2651 W Guadalupe Rd Ste 201

Mesa, AZ 85202-7238

[480-345-2331](tel:480-345-2331) (Office)

[480-345-2646](tel:480-345-2646) (Fax)

[dtaylor7@farmersagent.com](mailto:dtaylor7@farmersagent.com)

<http://www.farmersagent.com/dtaylor7>



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

From: "Blackstone, Lauren M." <[LBlackstone@burns-wilcox.com](mailto:LBlackstone@burns-wilcox.com)>

To: "[dtaylor7@farmersagent.com](mailto:dtaylor7@farmersagent.com)" <[dtaylor7@farmersagent.com](mailto:dtaylor7@farmersagent.com)>

Cc:

Date: Mon, 8 Aug 2016 17:41:34 +0000

Subject: DENNY J CHITTICK PCL1611401B-16317174

Hi Dwayne,

I finally received confirmation from the carrier. As long as the underlying policies are in force and provide coverage for the estate, this umbrella policy will cover the estate as well. If at any point those policies are cancelled/do not provide coverage, then the coverage under the umbrella will not extend. If you have any other questions, do not hesitate to contact me.

Thank you,

Lauren M. Blackstone

Personal Lines Underwriter

Scottsdale Office

P: [+1.480.296.7118](tel:+14802967118) | F: [480.368.8147](tel:4803688147) | VOIP: 7.43.2202

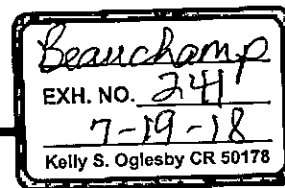
[LBlackstone@burns-wilcox.com](mailto:LBlackstone@burns-wilcox.com) | [www.burnsandwilcox.com](http://www.burnsandwilcox.com) |

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# **Exhibit No. 157**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Monday, August 08, 2016 3:31 PM  
**To:** Shawna Heuer  
**Subject:** RE: Investor List

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**

CLARK HILL PLC

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://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



# **Exhibit No. 158**

DenSco /

4:13 Message from Larry Shultz (8/8/16)

480 620 6122

- Larry has been directed to DGB, who is handling DenSco + Denny's financial affairs

- friend of Denny

- also a Borrower for 2 properties → needs pay-off info to get the properties released + sold

TW Larry Shultz (8/8/16)

480-620-6122

(3)

- explained timing + position that we are scrambling to collect info

suggested  
talk to

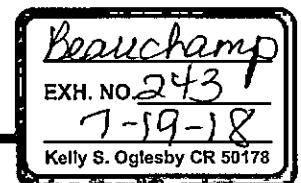
- Robert Koehler - back in town - either Tues or Wed - not sure if he can provide the pay-off info

- explained timing of info

- Larry does not really know much about Scott

# **Exhibit No. 159**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Monday, August 08, 2016 4:20 PM  
**To:** Shawna Heuer (2chittickboys2@gmail.com)  
**Subject:** Subpoena  
**Attachments:** 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

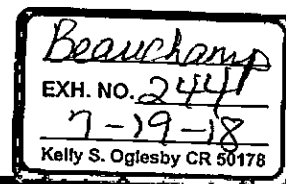
**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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# **Exhibit No. 160**

Beauchamp, David G.



From: Shawna Heuer <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 - email is [perbland@lclattorneys.com](mailto: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 or [chris@gcgaz.com](mailto:chris@gcgaz.com) - Cell is (602) 850-5111 - Forensic Accountant

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.

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.

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.

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 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.

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.

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 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.

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](mailto: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**

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
[480.684.1126](tel:480.684.1126) (direct) | [480.684.1166](tel:480.684.1166) (fax) | [602.319.5602](tel:602.319.5602) (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://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](tel: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.

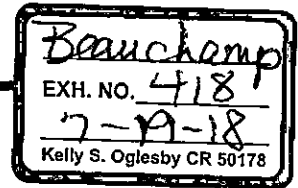
Best regards, David

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# **Exhibit No. 161**

**Beauchamp, David G.**



**From:** Beauchamp, David G.  
**Sent:** Sunday, July 31, 2016 7:53 PM  
**To:** Robert Koehler.  
**Subject:** Fwd: Densco - email

2of2

Sent from my iPhone. Please excuse any typos.

Begin forwarded message:

**From:** "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)>  
**Date:** July 31, 2016 at 7:48:51 PM MST  
**To:** Shawna Heuer <[2chittickboys2@gmail.com](mailto:2chittickboys2@gmail.com)>  
**Subject:** Re: Densco - email

Sorry my phone slipped and the email was sent before I intended.

Do we know if there is any reason to worry the investors? If not, we should inform the investors that Denny has passed suddenly. Pursuant to Denny's back-up plan, Robert has been notified and he will begin the process to review all accounts and to provide information as soon as possible as to when the investors should receive their interest payments. Soon thereafter, Robert will also share the plans for the liquidation of DenSco's assets and the repayment of the investors investments.

Until we know what the situation is, we should not worry any of the investors.

We can discuss this if necessary.

Regards, David

Sent from my iPhone. Please excuse any typos.

On Jul 31, 2016, at 7:41 PM, Beauchamp, David G. <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Shawna:

Unfortunately, I do not know what information Denny put in his letter to Robert. Did the letter give any reason for concern as to what

Sent from my iPhone. Please excuse any typos.

On Jul 31, 2016, at 6:56 PM, Shawna Heuer <[2chittickboys2@gmail.com](mailto:2chittickboys2@gmail.com)> wrote:

Hi David, I might be putting the cart before the horse, but have had phone calls of concern and I feel like we should communicate to

calm some nerves. What do you think if this is sent to his investors tonight? I have sent this to Robert in hopes he will agree and send from his densco email account he set up. Or should I do it from Denny's email address?

**Dear Densco Investors,**

**With the absence of your July month end statements, and/or payments, and the concern you must have, it is with broken heart we share the passing of Denny J. Chittick on Thursday July 28th. His family has gathered and plans have not yet been finalized.**

**A meeting with Denny's attorney is planned for Monday, August 1st, to form a course of action. Further information will be transmitted within 48 hours of that meeting.**

**Thank you for your patience and understanding in this matter and your kind condolences to the family.**

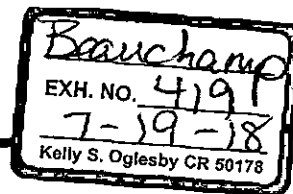
What do you think?

Thank you,

Shawna Chittick Heuer

# **Exhibit No. 162**

**Beauchamp, David G.**



**From:** Shawna Heuer <2chittickboys2@gmail.com>  
**Sent:** Sunday, July 31, 2016 9:07 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Densco - email

Yes, there is concern, fear, speculation that has been voiced from multiple investors. Some know it was suicide, some do not.

I think your comments above will be perfect to send out after we meet tomorrow and provide contact info for Robert's position.

I want to send this email from denny's yahoo [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com) account as the last communication from this address. Then we can move forward.

Because there are so many friends and family and some are not aware of his death, I feel this is necessary.

Robert agreed this is a good idea.

On Sun, Jul 31, 2016 at 7:48 PM, Beauchamp, David G. <[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)> wrote:  
Sorry my phone slipped and the email was sent before I intended.

Do we know if there is any reason to worry the investors? If not, we should inform the investors that Denny has passed suddenly. Pursuant to Denny's back-up plan, Robert has been notified and he will begin the process to review all accounts and to provide information as soon as possible as to when the investors should receive their interest payments. Soon thereafter, Robert will also share the plans for the liquidation of DenSco's assets and the repayment of the investors investments.

Until we know what the situation is, we should not worry any of the investors.

We can discuss this if necessary.

Regards, David

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Hi David, I might be putting the cart before the horse, but have had phone calls of concern and I feel like we should communicate to calm some nerves. What do you think if this is sent to his investors tonight? I have sent this to Robert in hopes he will agree and send from his densco email account he set up. Or should I do it from Denny's email address?

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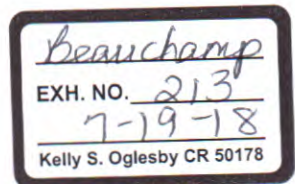
What do you think?

Thank you,

Shawna Chittick Heuer

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# **Exhibit No. 163**



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Wednesday, August 03, 2016 11:35 PM  
**To:** acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com;  
artnina@hotmail.com; Aztonysmith@aol.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; Laurieeweiskopf@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; 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; wbush112@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.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) to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. The intent was to discuss what information we collectively had available concerning DenSCO and its outstanding loans and to determine the best procedure to close down DenSCO's business and to return the capital contributed by DenSCO's Investors. Each of us had already talked to a few people in the real estate investment business to discuss how we could obtain a preliminary analysis of DenSCO's current loans. Specifically, we wanted to determine what information might be in DenSCO's available files and records to indicate the likelihood of being able to collect the monies due DenSCO so we could proceed with the wind-down of DenSCO and the payments to the Investors..

Shawna was able to find someone familiar with certain aspects of the real estate investment business to do a very brief and superficial review of the loans to DenSCO's borrowers which paperwork was in DenSCO's files. This preliminary review will simply be to determine if DenSCO's records indicate which of DenSCO's loans seem to be fully secured and if DenSCO's records show timely payment of the past payments so that we can consider these to be "Good Loans." We also will try to identify the date due as specified in the respective promissory note for each of these Good Loans to have an indication when each such loan is to be paid off. This money will add to DenSCO's money that is anticipated to be returned to the Investors at the end of the wind-down process. We have also requested help 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 records 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. We believe that this preliminary review of the Good Loans will 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. Since many of the Troubled Loans stopped paying interest last October, DenSco has suffered a severe cash-flow problem. To resolve this cash-flow problem, 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 on 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

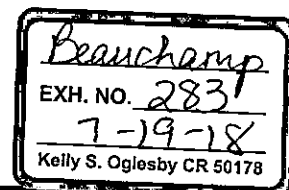
**David G. Beauchamp**

CLARK HILL PLC

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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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# **Exhibit No. 164**



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Monday, August 15, 2016 9:36 AM  
**To:** Gary Clapper  
**Subject:** Re: Densco

I am in a meeting.

Sent from my iPhone. Please excuse any typos.

On Aug 15, 2016, at 9:23 AM, Gary Clapper <[GRC@azcc.gov](mailto:GRC@azcc.gov)> wrote:

We have a copy of the offering document from 2009 and 2011 from investors. Did you prepare the ones before those? What is your number and I will call you.

---

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Monday, August 15, 2016 9:21 AM  
**To:** Gary Clapper <[GRC@azcc.gov](mailto:GRC@azcc.gov)>  
**Subject:** Re: Densco

Gary:

I only have access to some of DenSco's files. Despite my requests, Denny Chittick did not request for All of DenSco's previous files to be transferred to me. In addition, Denny stopped our efforts to do an updated offering memorandum in 2013, so the initial work on that was never finalized. Denny also did not engage us to prepare an amendment to the offering document or to prepare a new disclosure document despite several conversations about that issue.

Sincerely, David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Aug 15, 2016, at 7:54 AM, Gary Clapper <[GRC@azcc.gov](mailto:GRC@azcc.gov)> wrote:

Hi David,

We are getting the documents together on the files you requested and hope to get them to you this morning. A couple of questions. Can we please get a copy of the forbearance agreement. Since the offering document is updated every two years can we please get copies of all of them. Please give me a call if you have any questions.

Gary Clapper  
(602) 542-0152

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**Beauchamp, David G.**

---

**From:** Gary Clapper <GRC@azcc.gov>  
**Sent:** Monday, August 15, 2016 9:24 AM  
**To:** Beauchamp, David G.  
**Subject:** RE: Densco

We have a copy of the offering document from 2009 and 2011 from investors. Did you prepare the ones before those? What is your number and I will call you.

---

**From:** Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]  
**Sent:** Monday, August 15, 2016 9:21 AM  
**To:** Gary Clapper <GRC@azcc.gov>  
**Subject:** Re: Densco

Gary:

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Gary Clapper  
(602) 542-0152

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**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Monday, August 15, 2016 9:21 AM  
**To:** Gary Clapper  
**Subject:** Re: Densco

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We are getting the documents together on the files you requested and hope to get them to you this morning. A couple of questions. Can we please get a copy of the forbearance agreement. Since the offering document is updated every two years can we please get copies of all of them. Please give me a call if you have any questions.

Gary Clapper  
(602) 542-0152

# **Exhibit No. 165**

1 James F. Polese, Esq. (Bar No. 003451).  
2 Christopher Herring, Esq., (Bar No. 028169)  
3 Gammage & Burnham, PLC  
4 2 North Central Avenue  
5 15<sup>th</sup> Floor  
6 Phoenix, Arizona 85004-4607  
7 [jpolese@gblaw.com](mailto:jpolese@gblaw.com)  
8 [cherring@gblaw.com](mailto:cherring@gblaw.com)

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

11 ARIZONA CORPORATION COMMISSION, No. CV2016-1014142

12 Plaintiff,

13 v.

14 DENSCO INVESTMENT CORPORATION,  
15 an Arizona corporation,  
16 Defendant.

**DECLARATION OF DAVID G.  
BEAUCHAMP**

(Assigned to the Honorable Lori  
Bustamonte)

17  
18 I make the following declaration under penalty of perjury:

19 1. I am an attorney licensed to practice in the State of Arizona since 1981 and  
20 have continuously practiced law since that time.

21 2. Beginning in approximately 2003, I was retained by Denny Chittick, the  
22 sole shareholder, President and director of DenSco Investment Corporation, an Arizona  
23 corporation. ("DenSco") in connection with the preparation of a securities offering for  
24 investors. To my knowledge he was the sole employee of DenSco.

25 3. Over the years, I have prepared, at Mr. Chittick's direction, several Private  
26 Offering Memoranda ("POMs") to be distributed to investors of DenSco in compliance  
27 with Arizona and federal security laws. In addition, I was retained to undertake the  
28



1 needed securities law filings. My engagement included numerous communications with  
2 Mr. Chittick concerning the POMs and recommendations for amended or additional  
3 POMs in keeping with the investments being made or contemplated by DenSco.

4 4. The POMs routinely stated that I was acting as counsel for not only DenSco  
5 but its president Mr. Chittick and that I was not the counsel for any investors who were  
6 all urged to seek separate legal counsel.

7 5. During my involvement with Mr. Chittick and DenSco, I understood that  
8 Mr. Chittick considered that I was his counsel as well as counsel for DenSco, even  
9 though all billings were tendered to and paid by DenSco.

10 6. In connection with my representation, it would be impossible for me to  
11 segregate what advice I tendered or what attorney-client communications were solely  
12 corporate only and what were personal to Mr. Chittick as the President of DenSco.

13 7. In late 2014 or 2015, I ended my formal relationship with Mr. Chittick and  
14 DenSco. In late 2015 or early 2016, I was reengaged by Mr. Chittick and DenSco in  
15 connection with an audit by the Arizona Department of Financial Institutions which  
16 concerned whether Mr. Chittick was required to have a mortgage broker license. I was  
17 counsel to him and DenSco in this limited capacity at the time of his death on July 28,  
18 2016.

19  
20 I declare under penalty of perjury that the foregoing is true and correct.

21 EXECUTED this 17<sup>th</sup> day of August 2016 at Scottsdale, Arizona.

22  
23 David G. Beauchamp  
24 David G. Beauchamp  
25  
26  
27  
28

**Beauchamp, David G.**

---

**From:** Sifferman, Mark S.  
**Sent:** Wednesday, August 17, 2016 6:08 PM  
**To:** Beauchamp, David G.  
**Subject:** RE: POM-DenSco

Yes. What judge is the hearing in front of?

**Mark S. Sifferman**

**CLARK HILL PLC**

14850 North Scottsdale Road | Suite 500 | Scottsdale, AZ 85254  
480.684.1103 (direct) | 480.684.1163 (fax) | 602.405.2443 (Cell)  
[msifferman@clarkhill.com](mailto:msifferman@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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---

**From:** Beauchamp, David G.  
**Sent:** Wednesday, August 17, 2016 5:39 PM  
**To:** Sifferman, Mark S.  
**Subject:** FW: POM-DenSco

Sorry for the delay in forwarding this to you. The hearing concerning the Receiver and whether the Receiver can waive the attorney-client privilege with respect to all communications with Denny Chittick is tomorrow at 10:00.

Since I have now been told to expect to be called as witness, would you be able to attend with me tomorrow?

Thanks, David

**David G. Beauchamp**

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** James F. Polese [<mailto:jpolese@gblaw.com>]  
**Sent:** Wednesday, August 17, 2016 3:31 PM  
**To:** Beauchamp, David G.; Kevin R. Merritt  
**Subject:** RE: POM-DenSco

David

Here is the draft of the declaration. Please review and make whatever changes you think appropriate.

**James F. Polese**

---

**From:** Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]  
**Sent:** Wednesday, August 17, 2016 2:27 PM  
**To:** Kevin R. Merritt; James F. Polese  
**Subject:** POM-DenSco

Jim and Kevin:

Attached is the POM from July 2011 for DenSco. Please see the reference on page 30 under the Risk Factor Section, which indicates that Legal Counsel for DenSco represents the President and DenSco, but not the Investors.

Hope this helps.

Best, David

**David G. Beauchamp**

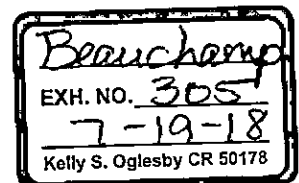
CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254  
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dbeauchamp@clarkhill.com | www.clarkhill.com

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# **Exhibit No. 166**



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Sunday, August 21, 2016 11:54 AM  
**To:** Rob Brinkman  
**Cc:** Scott A. Swinson  
**Subject:** Re: DenSco Statement June (Paperwork Request)

Mr. Brinkman:

I believe that the Confidential Private Offering Memorandum ("POM") for 2011 was prepared and sent to Denny. I also believe it was shared with investors. My law firm started preparing the 2013 POM, but we were put on hold. After the Forbearance agreement was signed by Scott Menaged, we started to amend the 2013 draft POM, but we stopped and withdrew as securities Counsel for DenSco. Denny was supposed to get other counsel and finish the POM in 2014, but I do not know if that did happen. After that issue, I only was asked to help DenSco with the audit by the AZ Department of Financial Institutions.

Sincerely,  
David Beauchamp

Sent from my iPhone. Please excuse any types.

On Aug 20, 2016, at 7:29 PM, Rob Brinkman <[rbrinkman@yahoo.com](mailto:rbrinkman@yahoo.com)> wrote:

Mr. Beauchamp:

I've gone back through my records and have noticed that the most current (2015 and 2016) Subscription Agreements (Notes) all reference the Private Offering Memorandum of July 1, 2009. However, I received by email DenSco's 2011 Private Offering Memorandum in which Denny states he updates the memorandum every two years:

I update this memorandum every two years. I work with David Beauchamp (securities attorney) to review all statutes and laws in Arizona as it pertains to my business and all the states that I have investors in. This is to ensure that I'm filing all the forms and following all the rules that legislators like to change from time to time. After our near financial collapse there have been more than usual. I also give an updated summary of the number of transactions and dollars that I have completed since the last update. This time, Warren Bush, a long time investor, volunteered (like a 3<sup>rd</sup> grader that knows the answer that no one else does) to review and give input from an investors point of view. I appreciate his help and his recommendations were invaluable.

Can you please let me know if there was a POM for 2013 and 2015 or if 2011 was the last POM?

—  
Thanks,  
rb

On Aug 11, 2016, at 11:07 AM, Beauchamp, David G.  
<[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Mr. Brinkman:

Unfortunately, the DenSco records of its investors have been sealed and either already picked up or are to be picked up momentarily by the ACC Securities Division. Those records were never at my office.

With respect to copies of the previous offering documents, those are in the electronic records of DenSco that has also been turned over to the Securities Division. (Denny should have sent you an electronic copy for your records and review). Copies are also in the files at my previous law firm, but Denny Chittick did not elect to have those records forwarded to me. That law firm wants either a Subpoena or someone authorized to sign for DenSco to sign a release for those files. Until the Receiver is appointed (if appointed), nobody is authorized to have those files released and made available.

Sorry for the difficulty in obtaining this information.

Sincerely, David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Aug 11, 2016, at 10:21 AM, Rob Brinkman <[rbrinkman@yahoo.com](mailto:rbrinkman@yahoo.com)> wrote:

Mr. Beauchamp:

In reviewing my paperwork as an investor in DenSco I cannot find the note dated 10/23/2015 that would be in the amount of approximately \$70,000. Could you please forward to me by email from the DenSco records? Additionally, the only Private Offering Memorandum I have is dated June 1, 2007. It is my understanding there is a more current POM dated July 1, 2009. Could you please confirm that is the most recent and forward a copy as well?

—  
Thanks,  
rb

Robert Brinkman  
64 Cortland  
Irvine, CA 92620  
(949) 202-6111

cc: Scott Swinson, PA

Begin forwarded message:

**From:** "Denny Chittick" <dennychittick@cox.net>  
**Subject:** DenSco Statement June  
**Date:** June 29, 2016 at 7:22:18 AM PDT  
**To:** <rbrinkman@yahoo.com>

Investors: Rob

Attached is your statement.

I'm sending these out a little early. We are headed to Idaho for the 4<sup>th</sup>.

I've updated my newsletter; (or it should be soon)

<http://denscoinvestment.com/newsletter.html>

I've updated the sample photos of houses

<http://denscoinvestment.com/properties.html>

Have a great 4<sup>th</sup> of July!

Thx

dc

<Statement\_3.pdf>

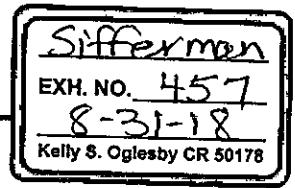
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# **Exhibit No. 167**



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/8/2017 2:20:21 PM  
**To:** Ryan Anderson [randerson@gamlaw.com]  
**CC:** Sifferman, Mark S. [msifferman@clarkhill.com]; Jackson, Sharlita R. [sjackson@clarkhill.com]; Ciesielski, Pauline M. [pciesielski@clarkhill.com]  
**Subject:** RE: DenSco



Ryan:

Thank you for the detailed email and the information. Pursuant to your previous instructions, I have previously advised our firm's Accounting Department not to send anything to the Receiver concerning these claims. I apologize that this "demand letter and invoices" was sent to the Receiver. In a large organization, sometimes the instructions do not get to the correct person in time to prevent certain standard collection notices from being sent. I will pass along this message again and it will hopefully stop any further notices.

Please note that my previous reference to "securities work" was for work done PRIOR to when my firm terminated doing any securities or other legal work for DenSco when Denny Chittick refused to send the amended Private Offering Memorandum to his investors. The amended Private Offering Memorandum that we wanted to be sent described the Forbearance Agreement and the changes to the lending criteria and security ratios that DenSco was to follow when making its loans to Borrowers. I believe that we terminated our representation in approximately July 2014. After that date, we did NOT perform any legal work for DenSco until the AZ Department of Financial Institutions commenced an audit of DenSco in approximately March 2016, which work had nothing to do with any securities work for DenSco.

Sincerely, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Ryan Anderson [mailto:randerson@gamlaw.com]  
**Sent:** Wednesday, February 08, 2017 2:27 PM  
**To:** Beauchamp, David G.  
**Cc:** Sifferman, Mark S.  
**Subject:** RE: DenSco

David,

Thanks for your e-mail. I appreciate your frustration with the non-payment of your pre-receivership invoices to DenSco, however the Receiver is not empowered to unilaterally pay "pre-receivership" creditors. You continue to reference that we've asked you and your firm not to contact the Receiver and while I don't understand why this basic request is so upsetting, because it clearly hasn't stopped your firm from leaving voicemails and sending demand letters and invoices directly to my client. [See attached demand letter dated 1/31/17].

However, since we appear to be miscommunicating on this topic, let's recap:

As you know, the Receiver was appointed on August 18, 2016. The *Order Appointing Receiver* [See attached] sets forth that the Receiver is "directed to prevent the inequitable distribution of assets and determine, adjust, and protect the interests of persons with an interest or claim against the Receivership Assets. [See ¶11] Translation: A Receiver generally proposes to the Court a "claims process" that should be enacted in each case. The Receiver's proposal will seek authority to set a Claims Bar Date and approve a specific set of procedures for the adjudication of all creditor claims in DenSco. Any claims process in a receivership is transparent, as inherent in any claims process in an Arizona Receivership, as Arizona courts favor the practice of permitting claimants to object to the claims of other claimants. See, *Academy Life Insurance Company v. Odiorne*, 165 Ariz. 188, 797 P.2d 727 (1990).

The Receiver is putting his final touches on a Petition seeking Approval of a claims process in the DenSco Receivership case. It should be on file by the end of this week. Given that you advised that you were not monitoring the Receivership proceeding, I will serve you with a copy of the Petition so that you and your firm can decide if you want to object to the proposed claims process in the DenSco case. Once the Petition is approved, the Claims Process will start. At that time, you will need to file a claim.

With respect to any distinction between the "securities work" and work done and billed to DenSco to address issues in the interim period before the Receivership... both of these invoices were for legal services performed pre-receivership. Therefore, they will be addressed in the claims process. I assume that after you review the claims petition, your firm will seek to file both an "administrative claim" for any services performed relating the administration of DenSco after Mr. Chittick died and before the Court appointed the Receiver and an unsecured claim for the "Securities work". Typically, approved administrative claims are paid in full before general unsecured creditors. Regardless, the DenSco claims process with specifically address both administrative and general unsecured claims.

Be advised, the claims process in the DenSco case will take a significant time to administer and given that the Receiver has determined and reported that DenSco was operating as a Ponzi Investment Scheme since 2013, I suspect a significant amount of litigation over investors claims. Therefore, I suspect that the earliest that any creditor claims are paid will be at the end of 2017.

Additionally, please understand that the Receivership Order [attached] specifically enjoins the "adversarial collection action" specifically referenced in the demand letter from your Accounts Receivable Manager. I assume an organization as large as Clark Hill isn't always aware of what everyone is doing, but I hope you can keep your firm advised that actions to collect against DenSco are in direct violation of the *Order Appointing Receiver*.

Finally, I apologize if it has taken me a week to respond to your e-mail. Since you are apparently not monitoring the DenSco case, you may not know of the massive amount of issues that are all being addressed in this case at the same time.

Let me know if you have any further questions.

Ryan

**Ryan W. Anderson**  
Guttilla Murphy Anderson  
City North  
5415 E. High St., Suite 200

Phoenix, AZ 85054

(480) 304-8300

(480) 304-8301 (facsimile)

[randerson@gamlaw.com](mailto:randerson@gamlaw.com)

[www.guttillamurphyanderson.com](http://www.guttillamurphyanderson.com)

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]

**Sent:** Wednesday, February 01, 2017 3:05 PM

**To:** Ryan Anderson

**Cc:** Sifferman, Mark S.

**Subject:** RE: DenSco

Ryan:

It has been over a month and we have not received any response from you or anyone else at your office concerning my previous email in response to your email set forth below. Since our firm had previously received a response from your office that nobody at our firm (not even non-attorneys) are permitted to contact anyone at the Receiver's office, we would like some response or instructions concerning how we are to proceed. In your email below, you indicate that there will be a procedure established for the adjudication of claims in the Receivership. However, is this procedure to be applicable to claims that were incurred and invoiced prior to the death of Mr. Chittick and the appointment of the Receiver? If so, that is different than what I had been previously told.

We need to understand instructions both with respect to the non-securities work that was done for DenSco prior to (and billed prior to) the death of Mr. Chittick and how we should proceed to deal with the billing for the work we did at the request of the AZ Securities Division for the time periods prior to and subsequent to the appointment of the Receivership.

Sincerely, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Beauchamp, David G.

**Sent:** Thursday, December 22, 2016 3:22 PM

**To:** Ryan Anderson

**Subject:** RE: DenSco

Ryan:

What about the two invoices that were sent to DenSco (and resent to the Receiver's office at its request) for time worked in June and July to resolve the audit of DenSco by the AZ Department of Financial Institutions, which was prior to Denny's death? This is what I was trying to talk to someone at the Receiver's office in September when you said to not contact anyone there. As requested, the invoices for the June and July time were resent and attached at the end of the September invoice (which you attached) and they are in the amount of \$ 1886.00 for the June time (billed in July) and

\$414.00 for July time (billed in August). There has not been any response from the Receiver these invoices. My understanding and what I was told originally is that the June and July invoices were to have been processed and paid.

The Receiver has also not responded to any of my questions from the end of August or early September, including my question at the suggestion by the AZ Securities Division that I should separate my August time into:

a) time securing the DenSco files from DenSco's offices and sending them to the AZ Securities Division pursuant to the subpoena after Denny's death and prior to the Receiver being appointed; and

b) the time after the Receiver was appointed for the clean-up of the minor work with borrowers, answering questions from the Receiver's office, working to resolve the attorney-client issues, including separating items subject to such privilege, the transition to Gammage & Burnham's office of DenSco's files (as distinguished from our firm's files for DenSco, which were transitioned to your office).

Given that it is the year-end, the failure to resolve the June and July invoices (and to address the other issues concerning my efforts working with and responding to the AZ Securities Division) is having a direct and significant impact to me on a number of issues at my firm. Your assistance would be greatly appreciated.

Sincerely, 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:** Ryan Anderson [mailto:randerson@gamlaw.com]

**Sent:** Thursday, December 22, 2016 2:49 PM

**To:** Beauchamp, David G.

**Subject:** DenSco

David,

I got your voicemail from last week. I apologize for the delay in getting back to you on these issues.

First, I have a copy [attached] of your firm's October 18th invoice and September 12th Invoice. Please confirm this is the universe of outstanding invoices to DenSco.

Second, while I can appreciate your desire to receive payment, the Receiver has not obtained authority from the Court to adjudicate claims in the DenSco Receivership Proceeding. The Receiver hopes to file soon a proposed claims procedure that will establish how claims to the assets of the DenSco Receivership are adjudicated and paid. Given that you are not participating in the Receivership proceeding, I will see that you are provided with a copy of the claims procedure when filed.

Have a great Holiday.

Ryan

**Ryan W. Anderson**

Guttilla Murphy Anderson

City North

5415 E. High St., Suite 200

Phoenix, AZ 85054

(480) 304-8300

(480) 304-8301 (facsimile)

[randerson@gamlaw.com](mailto:randerson@gamlaw.com)

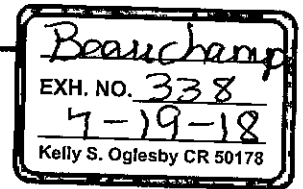
[www.guttillamurphyanderson.com](http://www.guttillamurphyanderson.com)

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# **Exhibit No. 168**

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 2/6/2014 2:59:03 PM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: new spreadsheet with new title  
Attachments: Exhibit A Loans.xlsx



attached.

DenSco Investment Corp  
www.denscoinvestment.com  
602-469-3001 C  
602-532-7737 f

#	Who?	Borrower	Property Address	City, Zip
1192	Easy	Easy Investments, LLC	8122 N 32nd Ave	Phx, 85051
1285	easy	Easy Investments, LLC	3628 W Garfield St	Phx, 85009
2120	Easy	Easy Investments, LLC	822 E Orange Ave	Ftn Hills, 85268
2509	Easy	Easy Investments, LLC	196 Leisure World	Mesa, 85206
2672	Easy	Easy Investments, LLC	5126 N 78th Street	Scottsdale, 85250
3364	Easy	Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
3610	Easy	Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
3736	easy	Michelle Menaged	9103 E Charter Oak Dr	Scottsdale, 85260
3814	easy	Easy Investments, LLC	18202 N Cave Creek Rd #215	Phx, 85032
3817	easy	Easy Investments, LLC	7513 N 47th Drive	Glendale, 85301
3828	easy	Easy Investments, LLC	1605 W Winter Dr	Phx, 85021
3829	easy	Easy Investments, LLC	702 W Wilshire Dr	Phx, 85007
3882	easy	Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
3883	easy	Easy Investments, LLC	9555 E Raintree Dr., #1004	Scottsdale, 85260
3885	easy	Easy Investments, LLC	9555 W Raintree Dr #1020	Scottsdale, 85260
3913	easy	Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
3914	easy	Easy Investments, LLC	3740 E Sexton St	Gilbert, 85297
3926	easy	Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
3927	easy	Easy Investments, LLC	7204 W Warner St	Phx, 85043
3929	easy	Easy Investments, LLC	3016 W Laurel Ln	Phx, 85029
3933	easy	Easy Investments, LLC	9451 E Becker Ln #10578	Scottsdale, 85260
3957	Easy	Easy Investments, LLC	1500 N Markdale #1	Mesa, 85201
3959	Easy	Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
3975	easy	Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286
3976	easy	Easy Investments, LLC	2402 E Yucca St	Phx, 85028
3977	easy	Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303
3987	easy	Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355
3994	easy	Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
3997	Easy	Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226
3998	Easy	Easy Investments, LLC	2367 E Balsam Dr	Chandler, 85286
3999	Easy	Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083
4003	easy	Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
4004	easy	Easy Investments, LLC	7575 E Indian Bend Rd #2125	Scottsdale, 85250
4011	easy	Easy Investments, LLC	18203 W Ruth Ave	Waddell, 85355
4020	easy	Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
4027	easy	Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
4032	easy	Easy Investments, LLC	10510 E Sunnyside Dr	Scottsdale, 85259
4033	easy	Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
4034	easy	Easy Investments, LLC	11571 W Hopi St	Avondale, 85323
4035	easy	Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
4038	easy	Easy Investments, LLC	3150 E Beardsley Rd #1076	Phx, 85050
4061	easy	Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
4069	easy	Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041
4077	easy	Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
4093	easy	Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
4094	easy	Easy Investments, LLC	5211 N 193rd Ave	Litchfield, 85340



4109 easy	Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383
4116 easy	Easy Investments, LLC	6332 W Sonora St	Phx, 85043
4118 easy	Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
4122 easy	Easy Investments, LLC	1431 E Bridgeport Pkwy	Gilbert, 85295
4129 easy	Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
4130 easy	Easy Investments, LLC	18650 N 91st Ave #3301	Peoria, 85382
4136 easy	Easy Investments, LLC	14556 N 154th Lane	Surprise, 85379
4146 easy	Easy Investments, LLC	4627 E Red Range Way	Cave Creek, 85331
4152 easy	Easy Investments, LLC	18131 W Ruth Ave	Waddell, 85355
4180 easy	Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
4185 easy	Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
4201 easy	Easy Investments, LLC	4320 E Encinas Ave	Higley, 85234
4227 easy	Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
4228 easy	Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
4229 easy	Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
4233 easy	Easy Investments, LLC	1262 E Clifton Ave	Gilbert, 85295
4241 easy	Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
4253 easy	Easy Investments, LLC	4303 E Cactus Rd., #201	Phx, 85032
4280 easy	Easy Investments, LLC	23922 W Desert Bloom St	Buckeye, 85326
4287 easy	Easy Investments, LLC	4745 W Golden Ln	Glendale, 85302
4289 easy	Easy Investments, LLC	7703 W Tamar Rd	Glendale, 85303
4307 easy	Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
4308 easy	Easy Investments, LLC	711 E Potter Dr	Phx, 85024
4313 easy	Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
4314 easy	Easy Investments, LLC	18169 W Saguaro Ln	Surprise, 85388
4322 easy	Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
4338 easy	Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85042
4342 easy	Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
4343 easy	Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
4344 easy	Easy Investments, LLC	15020 N 133rd Ln	Surprise, 85379
4352 easy	Easy Investments, LLC	3154 W Foothills Dr	Phx, 85027
4361 easy	Easy Investments, LLC	614 W Aire Libre	Phx, 85023
4381 easy	Easy Investments, LLC	3237 W Pleasant Ln	Phx, 85041
4383 easy	Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
4384 easy	Easy Investments, LLC	23819 W Hindaigo Ave	Buckeye, 85326
4386 easy	Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
4393 easy	Easy Investments, LLC	25209 S Saddletree Dr	Sun Lakes, 85248
4395 easy	Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
4397 easy	Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
4409 easy	Arizona Home Foreclosures, LLC	3326 E Orle Dr	Gilbert, 85297
4410 easy	Arizona Home Foreclosures, LLC	9521 E Posada Ave	Mesa, 85212
4411 easy	Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
4417 easy	Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
4422 easy	Arizona Home Foreclosures, LLC	8224 S 74th Ave	Laveen, 85339
4430 easy	Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
4431 easy	Arizona Home Foreclosures, LLC	25852 S Beech Creek Dr	Sun Lakes, 85248
4434 easy	Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209

4438 easy	Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
4444 easy	Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
4446 easy	Arizona Home Foreclosures, LLC	6024 E Wethersfield Rd	Scottsdale, 85254
4451 easy	Arizona Home Foreclosures, LLC	2733 S Ananea	Mesa, 85209
4459 easy	Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
4481 easy	Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Jitchfield, 85340
4482 easy	Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
4483 easy	Arizona Home Foreclosures, LLC	13920 W Maui Ln	Surprise, 85379
4484 easy	Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
4495 easy	Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388
4500 easy	Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
4501 easy	Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85202
4503 easy	Arizona Home Foreclosures, LLC	15456 S 47th Place	Phx, 85044
4504 easy	Arizona Home Foreclosures, LLC	39817 N Messner Way	Anthe, 85086
4505 easy	Arizona Home Foreclosures, LLC	2105 S 108th Ave	Avondale, 85323
4508 easy	Arizona Home Foreclosures, LLC	11530 W Flores Dr	El Mirage, 85335
4509 easy	Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert 85298
4512 easy	Arizona Home Foreclosures, LLC	1502 W Wood Dr	Phx, 85029
4513 easy	Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
4514 easy	Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85234
4516 easy	Arizona Home Foreclosures, LLC	18425 N 56th Lane	Glendale, 85308
4519 easy	Arizona Home Foreclosures, LLC	23851 W Wier Ave	Buckeye, 85326
4523 easy	Arizona Home Foreclosures, LLC	10125 E Lobo Ave	Mesa, 85209
4524 easy	Arizona Home Foreclosures, LLC	23687 W Wayland Dr	Buckeye, 85326
4530 easy	Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
4532 easy	Arizona Home Foreclosures, LLC	516 W Dublin St	Chandler, 85225
4534 easy	Arizona Home Foreclosures, LLC	3043 S Cortland	Mesa, 85212
4536 easy	Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
4539 easy	Arizona Home Foreclosures, LLC	1355 S Yale	Tempe, 85204
4540 easy	Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
4541 easy	Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
4544 easy	Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
4545 easy	Arizona Home Foreclosures, LLC	3150 E Beardsley Rd #1030	Phx, 85050
4546 easy	Arizona Home Foreclosures, LLC	15550 N Frank Lloyd Wright #1005	Scottsdale, 85260
4554 easy	Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
4555 easy	Arizona Home Foreclosures, LLC	8987 W Peck Dr	Glendale, 85305
4562 easy	Arizona Home Foreclosures, LLC	4625 W Carson Rd	Laveen, 85339
4569 easy	Arizona Home Foreclosures, LLC	8116 E Onya Ave	Mesa, 85212
4573 easy	Arizona Home Foreclosures, LLC	11634 W Adams St	Avondale, 85323
4574 easy	Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
4578 easy	Arizona Home Foreclosures, LLC	1040 S 220nd Lane	Buckeye, 85326
4579 easy	Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
4584 easy	Arizona Home Foreclosures, LLC	11509 E Pratt Ave	Mesa, 85212
4585 easy	Arizona Home Foreclosures, LLC	3154 W Via Montoya Dr	Phx, 85027
4589 easy	Arizona Home Foreclosures, LLC	16739 W Navajo St	Goodyear, 85395
4591 easy	Arizona Home Foreclosures, LLC	126 S Bassett St	Mesa, 85208
4592 easy	Arizona Home Foreclosures, LLC	2716 S Milburn	Mesa, 85209

4598 easy	Arizona Home Foreclosures, LLC	14603 W Oglesby Ave	Youngtown, 85363
4599 easy	Arizona Home Foreclosures, LLC	1629 S 85th Dr	Tolleson, 85353
4604 easy	Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
4607 easy	Arizona Home Foreclosures, LLC	1942 S Emerson #252	Mesa, 85210
4611 easy	Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	Surprise, 85379
4616 easy	Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
4618 easy	Arizona Home Foreclosures, LLC	15835 N 47th Street	Phx, 85032
4619 easy	Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
4622 easy	Arizona Home Foreclosures, LLC	15143 E Aspen Dr	Estn Hills, 85268
4625 easy	Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
4626 easy	Arizona Home Foreclosures, LLC	12614 N 62nd Street	Scottsdale, 85254
4627 easy	Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
4628 easy	Arizona Home Foreclosures, LLC	7752 E Obispo Ave	Mesa, 85212
4636 easy	Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
4637 easy	Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
4642 easy	Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85323
4643 easy	Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
4644 easy	Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
4645 easy	Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
4649 easy	Arizona Home Foreclosures, LLC	3014 W Rose Garden Ln	Phx, 85027
4652 easy	Arizona Home Foreclosures, LLC	4116 W Valley View Dr	Laveen, 85339
4656 easy	Arizona Home Foreclosures, LLC	4906 W Gelding Dr	Glendale, 85306
4658 easy	Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glendale, 85308
4659 easy	Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
4662 easy	Arizona Home Foreclosures, LLC	3247 E Maldonado Dr	Phx, 85042
4663 easy	Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257
4665 easy	Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
4669 easy	Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
4670 easy	Arizona Home Foreclosures, LLC	2229 W Stead Rd	Phx, 85085
4671 easy	Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
4672 easy	Arizona Home Foreclosures, LLC	9537 E Piana Ave	Mesa, 85212
4684 easy	Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
4687 easy	Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glendale, 85308
4688 easy	Arizona Home Foreclosures, LLC	9832 E Olla Ave	Mesa, 85212
4689 easy	Arizona Home Foreclosures, LLC	17661 W Marconi Ave	Surprise, 85388
4690 easy	Arizona Home Foreclosures, LLC	4119 W Grovers Ave	Glendale, 85308
4703 easy	Easy Investments, LLC	14365 W Verde Ln	Goodyear, 85395
4710 easy	Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
4711 easy	Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326
4715 easy	Arizona Home Foreclosures, LLC	2507 W Bent Tree Dr	Phx, 85085
4718 easy	Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa, 85208
4719 easy	Arizona Home Foreclosures, LLC	523 W Sundance Way	Chandler, 85225
4722 easy	Arizona Home Foreclosures, LLC	1820 S 106th Ln	Tolleson, 85353

<i>Amount of Loan</i>
\$ 85,000.00
\$ 37,000.00
\$ 70,000.00
\$ 62,000.00
\$ 110,000.00
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\$	100,000.00
\$	110,000.00
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\$	160,000.00
\$	120,000.00
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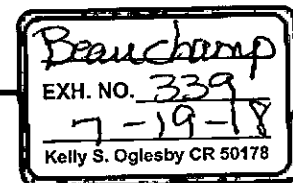
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\$	90,000.00
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\$	90,000.00
\$	80,000.00
\$	160,000.00
\$	100,000.00
\$	75,000.00
\$	90,000.00

# **Exhibit No. 169**



Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/6/2014 3:04:43 PM  
**To:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** new list of problem loans  
**Attachments:** List of Problem Loan.xlsx



attached

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

<i>Borrower</i>	<i>Property Address</i>	<i>City, Zip</i>
Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
Easy Investments, LLC	2402 E Yucca St	Phx, 85028
Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226
Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85234
Easy Investments, LLC	5211 N 193rd Ave	Litchfield, 85340
Arizona Home Foreclosures, LLC	15143 E Aspen Dr	Ftn Hills, 85268
Arizona Home Foreclosures, LLC	2229 W Stead Rd	Phx, 85085
Easy Investments, LLC	2367 E Balsam Dr	Chandler, 85286
Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
Easy Investments, LLC	18366 W Mission Ln	Waddell, 85355
Easy Investments, LLC	3740 E Sexton St	Gilbert, 85297
Arizona Home Foreclosures, LLC	15835 N 17th Street	Phx, 85032
Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
Arizona Home Foreclosures, LLC	10125 E Loba Ave	Mesa, 85209
Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
Easy Investments, LLC	1481 E Bridgeport Pkwy	Gilbert, 85295
Easy Investments, LLC	18203 W Ruth Ave	Waddell, 85355
Easy Investments, LLC	48131 W Ruth Ave	Waddell, 85355
Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
Easy Investments, LLC	4320 E Encinas Ave	Higley, 85234
Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257
Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
Arizona Home Foreclosures, LLC	7752 E Obispo Ave	Mesa, 85212
Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
Easy Investments, LLC	9451 E Becker Ln #1057B	Scottsdale, 85260
Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
Arizona Home Foreclosures, LLC	15530 N Frank Lloyd Wright #1005	Scottsdale, 85260
Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
Arizona Home Foreclosures, LLC	1502 W Wood Dr	Phx, 85029
Easy Investments, LLC	1262 E Clifton Ave	Gilbert, 85295
Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383
Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303
Easy Investments, LLC	14566 N 154th Lane	Surprise, 85379
Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
Arizona Home Foreclosures, LLC	2507 W Bent Tree Dr	Phx, 85085
Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041
Arizona Home Foreclosures, LLC	1355 S Yale	Tempe, 85204
Easy Investments, LLC	11571 W Hopi St	Avondale, 85323

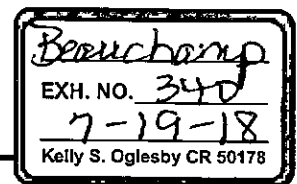
Arizona Home Foreclosures, LLC	11509 E Pratt Ave	Mesa, 85212
Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286
Easy Investments, LLC	8237 W Pleasant Ln	Phx, 85041
Arizona Home Foreclosures, LLC	8116 E Onza Ave	Mesa, 85212
Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa
Arizona Home Foreclosures, LLC	17561 W Marconi Ave	Surprise, 85388
Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
Easy Investments, LLC	711 E Potter Dr	Phx, 85024
Arizona Home Foreclosures, LLC	15456 S 47th Place	Phx, 85044
Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert, 85298
Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
Easy Investments, LLC	7575 E Indian Bend Rd #2123	Scottsdale, 85250
Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
Arizona Home Foreclosures, LLC	2105 S 108th Ave	Avondale, 85323
Easy Investments, LLC	1500 N Markdale #1	Mesa, 85201
Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
Arizona Home Foreclosures, LLC	3014 W Rose Garden Ln	Phx, 85027
Arizona Home Foreclosures, LLC	6024 E Wethersfield Rd	Scottsdale, 85254
Arizona Home Foreclosures, LLC	16739 W Navajo St	Goodyear, 85395
Arizona Home Foreclosures, LLC	9537 E Plana Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
Arizona Home Foreclosures, LLC	14365 W Verde Ln	Goodyear, 85395
Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
Arizona Home Foreclosures, LLC	2733 S Ananea	Mesa, 85209
Arizona Home Foreclosures, LLC	39817 N Messner Way	Anthe, 85086
Arizona Home Foreclosures, LLC	13920 W Maur Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	3326 E Oriole Dr	Gilbert, 85297
Easy Investments, LLC	3150 E Beardsley Rd #1076	Phx, 85050
Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
Arizona Home Foreclosures, LLC	2716 S Milburn	Mesa, 85209
Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
Arizona Home Foreclosures, LLC	126 S Hassett St	Mesa, 85208
Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85323
Arizona Home Foreclosures, LLC	523 W Sundance Way	chandler, 85225
Arizona Home Foreclosures, LLC	13425 N 56th Lane	Glendale, 85308
Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
Arizona Home Foreclosures, LLC	1820 S 106th Ln	

Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	Surprise, 85379
Easy Investments, LLC	4303 E Cactus Rd. #201	Phx, 85032
Easy Investments, LLC	23819 W Hidalgo Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209
Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
Arizona Home Foreclosures, LLC	3043 S Cortland	Mesa, 85212
Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
Arizona Home Foreclosures, LLC	3247 E Maldonado Dr	Phx, 85042
Easy Investments, LLC	7703 W Lamar Rd	Glendale, 85303
Arizona Home Foreclosures, LLC	14603 W Ogilsey Ave	Youngtown, 85363
Arizona Home Foreclosures, LLC	8987 W Peck Dr	Glendale, 85305
Easy Investments, LLC	7204 W Warner St	Phx, 85043
Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
Arizona Home Foreclosures, LLC	4625 W Carson Rd	Laveen, 85339
Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	9521 E Posada Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glendale, 85308
Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
Arizona Home Foreclosures, LLC	1040 S 220th Lane	Buckeye, 85326
Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
Arizona Home Foreclosures, LLC	14634 W Adams St	Avondale, 85323
Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85202
Arizona Home Foreclosures, LLC	8224 S 74th Ave	Laveen, 85339
Arizona Home Foreclosures, LLC	9832 E Olla Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
Arizona Home Foreclosures, LLC	3154 W Via Montoya Dr	Phx, 85027
Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
Arizona Home Foreclosures, LLC	23687 W Wayland Dr	Buckeye, 85326
Easy Investments, LLC	15020 N 133rd Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Laveen, 85339
Easy Investments, LLC	3016 W Laurel Ln	Phx, 85029
Easy Investments, LLC	13650 N 91st Ave #3301	Peoria, 85382
Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
Easy Investments, LLC	3154 W Foothills Dr	Phx, 85027
Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	25852 S Beech Creek Dr	Sun Lakes, 85248
Easy Investments, LLC	18169 W Saguaro Ln	Surprise, 85388
Easy Investments, LLC	614 W Aire Libre	Phx, 85023
Arizona Home Foreclosures, LLC	4119 W Grovers Ave	Glendale, 85308
Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388

Arizona Home Foreclosures, LLC	23851 W Wier Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	3150 E Beardsley Rd #1030	Phx, 85050
Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
Easy Investments, LLC	23922 W Desert Bloom St	Buckeye, 85326
Arizona Home Foreclosures, LLC	1629 S 85th Dr	Tolleson, 85353
Arizona Home Foreclosures, LLC	516 W Dublin St	Chandler, 85225
Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
Arizona Home Foreclosures, LLC	11530 W Flores Dr	El Mirage, 85335
Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083
Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glendale, 85308
Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
Easy Investments, LLC	4745 W Golden Ln	Glendale, 85302
Easy Investments, LLC	25209 S Saddletree Dr	Sun Lakes, 85248
Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
Arizona Home Foreclosures, LLC	4906 W Garding Dr	Glendale, 85306
Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	1942 S Emerson #252	Mesa, 85210
Easy Investments, LLC	6332 W Sonora St	Phx, 85043
Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
Arizona Home Foreclosures, LLC	12614 N 62nd Street	Scottsdale, 85254
Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Litchfield, 85340
Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85042

# **Exhibit No. 170**





Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/6/2014 6:54:20 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Workshare Professional Document Distribution  
**Attachments:** #200131428v6\_ClarkHill\_ - Forbearance\_Ag.pdf; Forbearance\_Ag Densco\_AHF,1-23-14 - Forbearance\_Ag.Densco\_AHF,1-23-14.pdf

Denny:

Attached is a clean version of the revised Forbearance Agreement. Also attached is a redlined version to show the changes from Jeff's last version. Since Jeff did not want to admit the legal conclusions, I inserted the actual wording from the Loan Documents into the Forbearance Agreement so the legal conclusions are obvious. I kept any of Jeff's changes that you could live with and there were many changes that we accepted. However, I did add back in the section concerning Costs and Expenses, which Jeff deleted under the argument of it "being redundant," but Jeff had deleted the section with more detail and that also applied to other expenses so I added it back in.

Please review and let me know if you are comfortable sharing this with Scott and to allow me to send it to Jeff.

All the best, David

The following files have been attached to this mail by Workshare Professional...

#200131428v6\_ClarkHill\_ - Forbearance\_Ag.DOCX (WORDX)  
Forbearance\_Ag.Densco\_AHF,1-23-14 - Forbearance\_Ag.Densco\_AHF,1-23-14.pdf (PDF)

**David G. Beauchamp**

CLARK HILL PLC  
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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
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## FORBEARANCE AGREEMENT

**THIS FORBEARANCE AGREEMENT ("Agreement")** is executed on February \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("**AHF**"), whose address is 7320 W Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("**EI**"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("**Borrower**"), Yomtov "Scott" Menaged ("**Guarantor**"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("**New Guarantor**"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("**Lender**"), whose address is 6132 W Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement.

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... . Borrower has delivered to Lender a promissory note and deed

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of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed "

E. Each Deed of Trust provides as follows

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

....

5 Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

" A "Default" shall occur (i) . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note)

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property as required by the Loans Documents as indicated above

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents

I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

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J Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows.

1. **Loans Balance** The total sum now due and payable under the Loans, in aggregate, is approximately \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including February 1, 2014), \$ \_\_\_\_\_ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$ \_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18 % per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default** Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents** Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower, Guarantor and New Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Further, upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Lender's encumbrance in such Property as evidenced by such Deed of Trust shall be insured by a nationally-recognized title company, reasonably acceptable to Lender, to constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4 **Forbearance by Lender on Conditions; Effect of Breach** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any

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covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5 **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2015; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied with the terms of this Agreement

6. **Borrower's Actions** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$5,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees

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of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.

(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(I) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(J) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create first and prior liens, as applicable, upon and/or security interests in the Properties or to create a security interest in any Additional Collateral.

(K) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, reasonably incurred by Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders.

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7. **Lender's Actions** Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender agrees to increase the Loan amount of each of the Properties referenced in Exhibit A up to 95% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower shall be used to pay off the Other Lender and release its security interest in that Property

(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note

(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor and New Guarantor (the "Additional Loan").

(D) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will defer the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.

8. The entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of the Notes and all other sums payable under the Loans Documents shall be due and payable in full on February 1, 2016 in any event, without notice or demand.

9. **Grace and Cure Periods.** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within five (5) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.

10. **Release of Lender; Waiver of Claims and Defenses** As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and

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all of its directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans

11. **Further Documents** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement

12. **Authorization of Agreement** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

13. **Costs and Expenses** Borrower hereby agrees to pay on demand any and all costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and/or (B) the collection of the Loans and/or the enforcement of the Loans Documents; and Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing

14. **Time of the Essence** Time is of the essence of all agreements and obligations contained herein.

15. **Construction of Agreement** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

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No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

16. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect

17. **Entire Agreement; No Oral Agreements Concerning Loans** This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

18. **Ratification of Workout.** The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$\_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders'

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Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

[signatures on following page]

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IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender.**

DENSCO INVESTMENT CORPORATION

By \_\_\_\_\_  
Denny Chittick  
Its: President

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written

\_\_\_\_\_  
Notary Public

My Commission Expires  
\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires.

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires.  
  
\_\_\_\_\_

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## FORBEARANCE AGREEMENT

**THIS FORBEARANCE AGREEMENT ("Agreement")** is executed on February \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("**Borrower**"), Yomtov "Scott" Menaged ("**Guarantor**"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("**New Guarantor**"), whose address is 303 N Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("**Lender**"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

### Recitals

The following recitals of fact are a material part of this Agreement

A Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and ~~each are evidenced by certain promissory notes, a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes"), and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.~~ **{DAVID PLEASE PROVIDE EXHIBIT A}**

B Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender

C. ~~The~~Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain ~~Deeds~~Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower ~~at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower.~~ The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, ~~the~~ "Properties") and referenced in Exhibit A. ~~The Note, Notes, the Mortgages, the~~ Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents"

D. ~~Certain of the Properties were also used as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on the respective~~

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Property Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."

F. Each Deed of Trust provides as follows:

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST,  
BORROWER AGREES:**

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

F. Each Note provides as follows:

"A "Default" shall occur (i) or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).

G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property as required by the Loans Documents as indicated above.

H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

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HI. The Loans are now in ~~default~~Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such ~~default~~Default.

FJ. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower and Guarantor and New Guarantor acknowledge the existing ~~default~~Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower and Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including \_\_\_\_\_, February 1, 2014), \$ \_\_\_\_\_ advanced by Lender in payment of \_\_\_\_\_ costs and expenses as permitted under the Loans Documents and approximately \$ \_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of 18% per annum as provided in the Notes (as opposed to the ~~default~~Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower and Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in ~~default~~Default, and that as a result of such ~~default~~Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower and Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor and New Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower and Guarantor's knowledge and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower and/or Guarantor or New Guarantor as described in the Loans Documents, and as modified by this Agreement. Further, upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Lender's encumbrance in such Property as evidenced by such Deed of Trust shall be insured by a nationally-recognized title company, reasonably acceptable to Lender, to constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

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4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower and Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower or Guarantor fails or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2016 2015; provided, however, Lender at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied with the terms of this Agreement.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower as provided herein).

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$5,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

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(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement. ~~[DAVID — PLEASE PROVIDE COPIES OF THESE DOCUMENTS.]~~

(D) Borrower agrees to provide Lender with a separate ~~personal~~ corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(I) ~~If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.~~

(J) ~~Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create first and prior liens, as applicable.~~

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upon and/or security interests in the Properties or to create a security interest in any Additional Collateral.

(K) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, reasonably incurred by Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders, up to a total of \$ \_\_\_\_\_

7 **Lender's Actions** Subject to the full compliance of the Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender agrees to increase the Loan amount of each of the Properties referenced in Exhibit A up to 95% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds ~~advance~~advanced to Borrower shall be used to pay off the Other Lender and release its security interest in that Property.

(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders, and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note

(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor and New Guarantor (the "Additional Loan")

(D) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive~~defer~~ the right to charge the ~~default~~Default Interest rate which is ~~or may be permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with these its respective obligations, however, it under this Agreement, Borrower shall then be liable for interest~~Default Interest at the ~~default~~Default Interest rate set forth in the Loan Documents on all outstanding Notes.

8. The entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of the Notes and all other sums payable under the Loans Documents shall be due and payable in full on February 1, 2016 in any event, without notice or demand.

9. **Additional Collateral Required.** ~~{Already covered above}~~

9. **Grace and Cure Periods** If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within five (5) business days of

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~~receiving written demand from Lender email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.~~

10. **Release of Lender; Waiver of Claims and Defenses.** As a material part of the consideration for Lender's execution of this Agreement, Borrower and Guarantor and New Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.

11. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

12. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

13. **Costs and Expenses** ~~ALREADY COVERED BY ¶ 6(K).~~ Borrower hereby agrees to pay on demand any and all costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and/or (B) the collection of the Loans and/or the enforcement of the Loans Documents; and Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing

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**13-14. Time of the Essence.** Time is of the essence of all agreements and obligations contained herein

**14-15. Construction of Agreement** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement

No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents

**15-16. Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

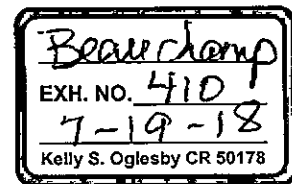
**16-17. Entire Agreement; No Oral Agreements Concerning Loans.** This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower and Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower or Guarantor or New Guarantor under any circumstances

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# **Exhibit No. 171**





## AUTHORIZATION TO UPDATE FORBEARANCE DOCUMENTS

This Authorization to Update Forbearance Documents (the "Authorization") is entered into on the dates set forth below and to be effective the 16<sup>th</sup> day of April, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), Easy Investments, LLC, an Arizona limited liability company ("EI"), Furniture King, LLC, an Arizona limited liability Company ("FK"), Yomtov "Scott" Menaged ("Scott"), Francine Menaged ("Francine"), and DenSco Investment Corporation, an Arizona corporation ("DenSco").

### Recitals

A. WHEREAS AHF, EI, FK, Scott, and DenSco are the parties to a certain Forbearance Agreement, executed on April 16, 2014 (the "Forbearance Agreement"), together with other documents executed in connection with the Forbearance Agreement (collectively, the "Forbearance Documents").

B. WHEREAS having recognized that "April 14, 2014" was stated in various pages of the Forbearance Documents where they should have stated "April 16, 2014" and certain other inconsistencies with respect to the amounts due under the financings, the parties desire to make the necessary corrections.

C. WHEREAS Clark Hill, PLC ("Clark Hill") has been previously authorized by each of the parties to make the necessary corrections to the Forbearance Documents and as referenced on the attached Exhibit A. The replacement pages were previously circulated and approved by all parties.

D. WHEREAS the parties now wish to authorize and direct Clark Hill to insert the replacement pages as set forth below.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Recitals. The Recitals set forth above and Exhibit A attached hereto are incorporated into this Agreement.

2. Forbearance Agreement. Recognizing that "April 14, 2014" was stated in one (1) page of the Forbearance Agreement where it should have stated "April 16, 2014", AHF, EI, FK, Scott and DenSco desire to make the necessary correction. The corrected version of page 1 of the Forbearance Agreement ("FA-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Forbearance Agreement has been circulated and approved. The corrected version of page 3 of the Forbearance Agreement ("FA-3") with a new first sentence in Section 1 which includes an updated figure of \$35,639,880.71 as the principal sum now due and payable under the Loans, as of close of business on April 16, 2014, has been circulated and approved. AHF, EI, FK, Scott and DenSco each hereby authorize and approve of the following:

- a. Clark Hill is instructed to substitute FA-1 and FA-3 into the corresponding pages of the executed original of the Forbearance Agreement; and

- b. The Forbearance Agreement with the inclusion of FA-1 and FA-3 will be deemed the original.

3. **Scott Guaranty.** Scott is a party to a certain Guaranty Agreement, executed on April 16, 2014 (the "Scott Guaranty"), in favor of DenSco. Recognizing that "April 14, 2014" was stated in one (1) page of the Scott Guaranty where it should have stated "April 16, 2014", Scott desire to make the necessary correction. The corrected version of page 1 of the Scott Guaranty ("SG-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Scott Guaranty has been circulated and approved. Scott hereby authorizes and approves of the following:

- a. Clark Hill is instructed to substitute SG-1 into the corresponding page of the executed original of the Scott Guaranty; and
- b. The Scott Guaranty with the inclusion of SG-1 will be deemed the original.

4. **Furniture King Guaranty.** FK is a party to a certain Guaranty Agreement, executed on April 16, 2014 (the "Furniture King Guaranty"), in favor of DenSco. Recognizing that "April 14, 2014" was stated in one (1) page of the Furniture King Guaranty where it should have stated "April 16, 2014", FK desire to make the necessary correction. The corrected version of page 1 of the Furniture King Guaranty ("FKG-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Furniture King Guaranty has been circulated and approved. FK hereby authorizes and approves of the following:

- a. Clark Hill is instructed to substitute FKG-1 into the corresponding page of the executed original of the Furniture King Guaranty; and
- b. The Furniture King Guaranty with the inclusion of FKG-1 will be deemed the original.

5. **Additional Loan.** AHF, EI, and Scott are the parties (as the "Borrowers") to a certain Secured Line of Credit Promissory Note, executed on April 16, 2014, with a Principal Amount of \$1,000,000.00, payable to DenSco (the "Additional Loan Note"). Recognizing that "April 14, 2014" was stated in three (3) pages of the Additional Loan Note where it should have stated "April 16, 2014", AHF, EI, and Scott desire to make the necessary corrections. The corrected version of page 1 of the Additional Loan Note ("ALN-1") with "April 16, 2014" stated in the top right as the date of the Additional Loan Note has been circulated and approved. The corrected version of page 2 of the Additional Loan Note ("ALN-2") with "April 16, 2014" stated in the "Forbearance Agreement" section as the date of the Forbearance Agreement has been circulated and approved. The corrected version of page 3 of the Additional Loan Note ("ALN-3") with "Nine Hundred Fifteen Thousand One Hundred Sixty-Seven AND 89/100 DOLLARS (\$915,167.87)" stated in Section 2 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Loan Note, as of close of business on April 16, 2014, has been circulated and approved. In addition, the corrected version of page 5 of the Additional Loan Note ("ALN-5") with "April 16, 2014" stated in Section 8 as the date of both the Furniture

King Guaranty and the Security Agreement (defined herein) has been circulated and approved. AHF, EI, Scott and DenSco each hereby authorize and approve of the following:

- a. Clark Hill is instructed to substitute ALN-1, ALN-2, ALN-3, and ALN-5 into the corresponding pages of the executed original of the Additional Loan Note; and
- b. The Additional Loan Note with the inclusion of ALN-1, ALN-2, ALN-3, and ALN-5 will be deemed the original.

6. **Additional Funds Loan.** AHF, EI, FK, and Scott are the parties (as the "Borrowers") to a certain Secured Line of Credit Promissory Note, executed on April 16, 2014, with a Principal Amount of \$5,000,000.00, payable to DenSco (the "Additional Funds Loan Note"). Recognizing that "April 14, 2014" was stated in three (3) pages of the Additional Funds Loan Note where it should have stated "April 16, 2014", AHF, EI, FK, and Scott desire to make the necessary corrections. The corrected version of page 1 of the Additional Funds Loan Note ("AFLN-1") with "April 16, 2014" stated in the top right as the date of the Additional Funds Loan Note has been circulated and approved. The corrected version of page 2 of the Additional Funds Loan Note ("AFLN-2") with (i) "April 16, 2014" stated in the "Forbearance Agreement" section as the date of the Forbearance Agreement, and (ii) with "One Million Seven Hundred Eighty Thousand Two Hundred Thirty-Nine AND 76/100 DOLLARS (\$1,780,239.76)" stated in Section 2 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Funds Loan Note, as of close of business on April 16, 2014 has been circulated and approved. In addition, the corrected version of page 4 of the Additional Funds Loan Note ("AFLN-4") with "April 16, 2014" stated in Section 8 as the date of the Security Agreement has been circulated and approved. AHF, EI, FK, Scott and DenSco each hereby authorize and approve of the following:

- a. Clark Hill is instructed to substitute AFLN-1, AFLN-2, and AFLN-4 into the corresponding pages of the executed original of the Additional Funds Loan Note; and
- b. The Additional Funds Loan Note with the inclusion of AFLN-1, AFLN-2, and AFLN-4 will be deemed the original.

7. **Security Agreement.** FK is the "Debtor" in that certain Security Agreement, executed on April 16, 2014, in favor of DenSco as the "Secured Party" (the "Security Agreement"). Recognizing that "April 14, 2014" was stated in two (2) pages of the Security Agreement where it should have stated "April 16, 2014", FK desires to make the necessary corrections. The corrected version of page 1 of the Security Agreement ("SA-1") with "April 16, 2014" stated at the top of the page as the date of the Security Agreement and in the "Obligations Secured" section as the date of the Forbearance Agreement has been circulated and approved. In addition, the corrected version of page 2 of the Security Agreement ("SA-2") with "April 16, 2014" stated in the "Obligations Secured" section as the date of both the Additional Funds Loan Note and the Additional Loan Note has been circulated and approved. FK and DenSco each hereby authorize and approve of the following:

- a. Clark Hill is instructed to substitute SA-1 and SA-2 into the corresponding pages of the executed original of the Security Agreement; and
- b. The Security Agreement with the inclusion of SA-1 and SA-2 will be deemed the original.

8. **Representation and Disclaimer Agreement.** Scott and Francine are the parties to a certain Representation and Disclaimer Agreement, in favor of DenSco (the "Disclaimer"), executed on April 16, 2014. Recognizing that the "April 14, 2014" was stated in one (1) page of the Disclaimer where it should have stated "April 16, 2014", Scott and Francine desire to make the necessary correction. The corrected version of page 1 of the Disclaimer ("D-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Disclaimer has been circulated and approved. Scott and Francine each hereby authorize and approve of the following:

- a. Clark Hill is instructed to substitute D-1 into the corresponding page of the executed original of the Disclaimer; and
- b. The Disclaimer with the inclusion of D-1 will be deemed the original.

9. **Consent.** Each of the parties hereto agree to and consent to all of the changes to the Forbearance Documents, as detailed in this Authorization, and acknowledge and agree that such changes do not constitute, either individually or in the aggregate, the basis to challenge the enforcement of any of the Forbearance Documents.

10. **Counterparts.** This Authorization may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Authorization. The failure of any party hereto to execute this Authorization, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

[signatures on following page]

IN WITNESS WHEREOF, the undersigned parties have executed this Authorization on the dates set forth below and to be effective April 16, 2014.

AHF:

ARIZONA HOME FORECLOSURES,  
LLC

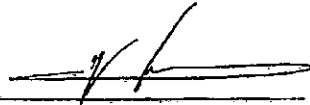
By: 

Yomtov "Scott" Menaged

Its: Member

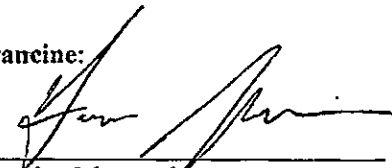
Dated: 6-18-14

Scott:

  
Yomtov "Scott" Menaged

Dated: 6-18-14

Francine:

  
Francine Menaged

Dated: 6-18-14

EI:

EASY INVESTMENTS, LLC

By: 

Yomtov "Scott" Menaged

Its: Member

Dated: 6-18-14

DenSco:

DENSCO INVESTMENT  
CORPORATION

By: 

Denny Chittick

Its: President

Dated: 6-16-14

FK:

FURNITURE KING, LLC

By: 

Yomtov "Scott" Menaged

Its: Manager

Dated: 6-18-14

{Signature Page of Authorization to Update Forebearance Documents}

## **EXHIBIT A**

### **Errata Sheet**

#### **Forbearance Agreement**

- Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph.
- Page 3-replace first sentence in Section 1 to include updated figure of \$35,639,880.71 as the principal sum now due and payable under the Loans, as of close of business on April 16, 2014

#### **Guaranty Agreement ( Scott Menaged)**

- Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

#### **Guaranty Agreement (Furniture King, LLC)**

- Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

#### **Secured Line of Credit Promissory Note \$1M**

- Page 1-changed date at the top right of the page from April 14, 2014 to April 16, 2014
- Page 2-changed reference to April 14, 2014 to April 16, 2014 under the "Forbearance Agreement" paragraph
- Page 3- replaced the last sentence in Section 2 to include updated figure of \$915,167.89 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Loan Note, as of close of business on April 16, 2014
- Page 5-changed reference to date April 14, 2014 to April 16, 2014 in the first paragraph

#### **Secured Line of Credit Promissory Note \$5M**

- Page 1-changed reference to date at the top right of the page from April 14, 2014 to April 16, 2014
- Page 2- changed reference to April 14, 2014 to April 16, 2014 under the "Forbearance Agreement" paragraph
  - replaced the last sentence in Section 2 to include updated figure of \$1,780,239.76 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Funds Loan Note, as of close of business on April 16, 2014
- Page 4-changed April 14, 2014 to April 16, 2014 under Section 8. Security and Guaranty

#### **Security Agreement**

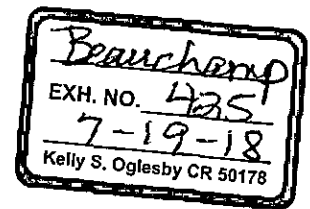
- Page 1 -changed date from April 14, 2014 to April 16, 2014
  - changed reference to April 14, 2014 to April 16, 2014 in the "Obligations Secured" section
- Page 2-changed both references to April 14, 2014 to April 16, 2014 in the first paragraph

#### **Representation and Disclaimer Agreement**

- Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

# **Exhibit No. 172**

# CLARK HILL



Ryan J. Lorenz  
T 480.684.1107  
F 480.684.1167  
Email: rlorenz@clarkhill.com

Clark Hill PLC  
14850 N. Scottsdale Road  
Suite 500  
Scottsdale, AZ 85254  
T 480.684.1100  
F 480.684.1199

clarkhill.com

June 22, 2017

***Delivered via Certified Mail, return receipt requested,  
and First Class Mail***

Peter S. Davis  
DenSCO Receiver  
Simon Consulting, LLC  
3200 N. Central Avenue, Ste. 2460  
Phoenix, AZ 85012

Re: *Arizona Corporation Commission v. DenSCO Investment Corporation,*  
Maricopa County Superior Court Case No. CV2016-014142

Mr. Davis:

Enclosed are two proofs of claims filed with your office as permitted by the court's order granting petition no. 19 in the above-reference litigation in which you are appointed receiver. We have sent these proofs of claims to you by certified mail, return receipt and first class mail. On the assumption that you receive both of those mailings, please mail us back the copies sent via first class mail bearing a file-stamp of some kind for your office. We are including a SASE for that purpose.

Very Truly Yours,

A handwritten signature in black ink, appearing to be "Ryan Lorenz".

Ryan Lorenz

RJL:slo  
Encl.



## PROOF OF CLAIM

### DenSco Investment Corporation Receivership

Case No. CV 2016-014142

Peter S. Davis, Receiver

This claim is being solicited pursuant to Petition No. 19. A claimant is a person entitled to assert a right of payment or claim against DenSco Investment Corporation or against any Receivership Asset. For additional information, please access the Receiver's website at [denscoreceiver1.godaddysites.com](http://denscoreceiver1.godaddysites.com) or [denscoinvestment.com](http://denscoinvestment.com), or contact the Receiver in writing at the address below.

Check here if this Claim:

- ☐ Replaces  
☐ Amends  
☐ Supplements

A previously filed claim dated: \_\_\_\_\_

#### Claimant Information:

Name: CLARK HILL, PLO  
Address: c/o Ryan Lorenz  
14050 N. Scottsdale Rd. Ste. 500  
Scottsdale, AZ 85254  
Email: RLorenz@Clark-Hill.com  
Telephone: 480-684-1107

#### \* URGENT MATTER \*

**CLAIM FORM MUST BE PROVIDED  
TO THE RECEIVER ON OR BEFORE  
JUNE 30, 2017**

#### NON-INVESTOR CLAIM

A Non-Investor Claim is a claim that does NOT arise from the placement or loan of the Claimant's own funds with DenSco Investment Corporation pursuant to Confidential Private Offering Memoranda.

#### Basis for Your Claim:

- ☐ Administrative Claim related to costs or expenses incurred on or after August 18, 2016 on behalf of the Receiver or DenSco Investment Corporation (other than Administrative Claims of the Receiver or the Receiver's agents)

- ☐ Goods Purchased  
☒ Services Performed  
☐ Money Loaned  
☐ Wages, Salaries, and Compensation  
☐ Other Form of Contract  
☐ Other Type of Claim

#### Details of Your Claim:

Relevant Dates: From: June 1, 2016 To: August 17, 2016

Is Your Claim Secured? A Secured Claim is secured by a property perfected lien on Receivership Assets. An Unsecured Claim is a Claim against DenSco Investment Corporation or a Receivership Asset other than an Investor Claim.

- ☐ I have a Secured Claim (Attach Evidence of Security).  
☒ I have an Unsecured Claim.

Secured Claim Amount: \$ \_\_\_\_\_  
Unsecured Claim Amount: \$ 53,820.00

Description: Please provide below all relevant details regarding the basis for your claim, such as the type of goods purchased or services performed, the purpose of the loan, the nature of the contract, etc.:

Clark Hill provided legal services to DenSco Investment Corp. in June, July, August, September 2016. The work performed is documented by the firm's invoices. These are attached to this proof of claim with an affidavit of Ryan Lorenz. The services provided to DenSco Investment Corp. on and after August 18, 2016, are a separate administrative claim.

#### Documentation of Your Claim:

Please attach copies of all documents in support of this claim, such as invoices, statements, contracts, notes, guarantees, judgments, evidence of security, or any other documents establishing the indebtedness of DenSco Investment Corporation or the Receivership Estate to you. Do not file original documents with your Claim. If a supporting document is not available, you must attach an explanation as to why the document is not available.

#### CLAIMANT OATH

I have personal knowledge of the facts set forth above and I declare, under the penalty of perjury, that the above information is true and correct.

Name (Print): Ryan J. Lorenz

Signature: [Signature]

Date: June 21, 2017

Name (Print): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Provide your completed and signed Proof of Claim and copies of all documents supporting your claim to the Receiver on or before June 30, 2017.

PLEASE MAIL TO: DenSco Receiver  
Simon Consulting, LLC  
3200 North Central Avenue, Suite 2460  
Phoenix, Arizona 85012

**Affidavit of Ryan Lorenz**

STATE OF ARIZONA        )  
                                  ) ss.  
Maricopa County         )

Ryan Lorenz, first duly sworn, upon his oath, deposes and states as follows:

1. I am over the age of nineteen years, am competent to give sworn testimony, and have personal knowledge of all matters set forth in this affidavit.

2. I am a 1999 graduate of Creighton University School of Law and was admitted to practice before courts of the state of Arizona in 1999.

3. In 2002, I was admitted to practice before the courts of the state of Nevada. I have also been admitted to practice before the United States District Court for the Districts of Arizona, Nevada and Colorado; the United States Court of Appeals for the Ninth Circuit; the United States Supreme Court; and a dozen tribal courts in Arizona.

4. I have never had my privilege to practice suspended or terminated. I have never been subject to discipline by any court.

5. I am familiar with the requirement of reasonableness of attorneys' fees as provided by ER 1.5, Rule 42, Arizona Rules of the Supreme Court. I am also familiar with hourly rates, billing practices, and the requirement to document and communicate accurately and completely the amount an attorney is billing and justification for such billing.

6. I am a member in the firm of Clark Hill PLC ("Firm") and have been with the Firm since 2009. David Beauchamp is a member of the Firm in its corporate practice group and has been with the firm since 2013. Mr. Beauchamp has been admitted to practice in Arizona since 1981.

7. In 2016 and earlier, the Firm represented DenSco Investment Corporation ("DenSco"). The subject matter of the Firm's work for DenSco was general business advice and representation.

8. The Firm accrued unpaid attorneys' fees for work performed by Mr. Beauchamp. These fees were documented by invoices attached to this affidavit and reflect the time and effort expended by Mr. Beauchamp. The Firm is owed \$2,300 for 5.0 hours of attorney time at \$460/hour, for its invoices reflecting services in June and July 2016.

9. After the death of DenSco's principal, Denny Chittick, in July 2016, the Firm transitioned the subject matter of its work to advice and guidance to DenSco to assist it in winding down its business. Through August 17, 2016, Mr. Beauchamp expended 112.0 hours on intensive daily work to support and advise DenSco. At \$460/hour, the Firm accrued \$51,520 in billing. Prior to August 18, 2016, the total of unpaid fees remaining owing is \$53,820.

10. On and after August 18, 2016, the Firm continued to provide services to DenSco, but at a reduced level of intensity, due to the appointment of a receiver to manage its affairs, and the retention by the receiver of separate counsel. During the remainder of August 2016, Mr. Beauchamp expended 48.8 hours at \$460/hour for a total of \$22,448 in fees.

11. In September 2016, Mr. Beauchamp expended 3.1 hours in further assisting and advising DenSco. However, Mr. Beauchamp marked 1.8 hours as "no charge", thereby reducing the amount of fees incurred to 1.3 hours at \$460/hour, for a total of \$598. Between August 18 and September 30, 2016, the Firm accrued \$23,046.

12. Between pre-August 18, 2016, and post-August 17, 2016 fees, the Firm's outstanding balance for work performed by Mr. Beauchamp is \$76,866.

13. For purposes of asserting a claim against DenSco's receivership estate, the Firm has bifurcated these amounts into \$53,820 for pre-August 18, 2016 and \$23,046 for post-August 17, 2016 fees. The Firm claims that the latter fees were incurred on behalf of DenSco and are, therefore, administrative in nature.

14. Based upon my review of the time entries documented and discussed above, it is my opinion, based upon my knowledge, experience and interaction with other attorneys of similar or greater experience that the time quantities and hourly rate are reasonable. It is my further opinion that the fee amounts discussed above are reasonable and incurred for DenSco's pre- and post-receivership benefit.

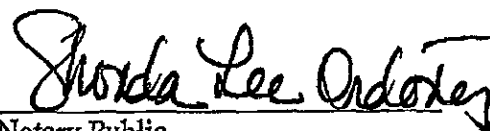
Further affiant sayeth naught.

Dated this 21 day of June 2017.

CLARK HILL PLC

  
Ryan Lorenz  
Its Member

SUBSCRIBED AND SWORN TO before me this 21 day of June 2017, by Ryan Lorenz,  
as a member of Clark Hill PLC.

  
Notary Public



SHONDA LEE ORDONEZ  
Notary Public - Arizona  
Maricopa County  
Expires 08/04/2018

# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed ID # 38-0425840

## INVOICE

Invoice # 663658

DenSco Investment Corporation  
Attn: Denny Chittick  
6132 W. Victoria Place  
Chandler, AZ 85226

July 22, 2016  
Client: 43820  
Matter: 170145

=====

RE: Business Matters

FOR SERVICES RENDERED through June 30, 2016

Total Services: \$1,886.00

INVOICE TOTAL \$1,886.00

TOTAL AMOUNT DUE \$1,886.00  
=====

PAYABLE UPON RECEIPT IN U S DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Matters  
July 22, 2016  
INVOICE # 663658  
Page 2

### DETAILED DESCRIPTION OF SERVICES

06/02/16 DGB	Review and respond to emails; prepare, work on and revise detailed response to ADFI and send to D. Chittick for approval; work on information to submit to ADFI.	2.60
06/03/16 DGB	Review and respond to several emails concerning supplemental filing with ADFI; attach exhibits and file response.	.80
06/24/16 DGB	Review and respond to email from D. Chittick; review document.	.30
06/28/16 DGB	Review and respond to email from D. Chittick; review documents and HUD-1; email questions regarding HUD-1.	.40

\$1,886.00

### TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	4.10 hours at \$460.00 =	\$1,886.00
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# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed ID # 38-0425840

## INVOICE

Invoice # 666138

DenSco Investment Corporation  
Attn: Denny Chittick  
6132 W. Victoria Place  
Chandler, AZ 85226

August 10, 2016  
Client: 43820  
Matter: 170145

=====

RE: Business Matters

FOR SERVICES RENDERED through July 31, 2016

Total Services: \$414.00

INVOICE TOTAL \$414.00

07/22/16 663658 \$1886.00

Outstanding Balance: \$1,886.00

TOTAL AMOUNT DUE \$2,300.00  
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Matters  
August 10, 2016  
INVOICE # 666138  
Page 2

DETAILED DESCRIPTION OF SERVICES

07/30/16	DGB Telephone call with R. Koehler and S. Heuer regarding transition after death of D. Chittick; review records and obligations.	.10
07/31/16	DGB Review and respond to several emails concerning meeting and questions; review and respond to emails from S. Heuer regarding notice to investors.	.80

\$414.00

TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	0.90 hours at \$460.00 =	\$414.00
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# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N Scottsdale Road, Suite 500  
Scottsdale, Arizona 85254  
Telephone (480) 684-1100  
Fed.ID # 38-0425840

## INVOICE

DenSco Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue  
Suite 2460  
Phoenix, AZ 85012

Invoice # 670634  
September 12, 2016  
Client: 43820  
Matter: 307376

=====

RE: Business Wind Down

FOR SERVICES RENDERED through August 31, 2016

Total Services: \$73,968.00

INVOICE TOTAL \$73,968.00

PAYABLE UPON RECEIPT IN U S DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 2

### DETAILED DESCRIPTION OF SERVICES

08/01/16 DGB	Review emails, documents, information and chronology of events; telephone call with R. Koehler; several telephone calls with S. Heuer; prepare for and meeting with S. Heuer and R. Koehler regarding events, issues, procedure and requirements; review documents and information; outline follow up and procedure; review email instructions from D. Chittick; outline issues and follow up; review information from DenSco's files; work on follow up.	8.10
08/02/16 DGB	Review, work on and respond to several emails and text messages; review notes, information from S. Heuer and work on information; meeting with S. Heuer and review documents and information; review Managed Bankruptcy Docket information and requirements; work on information for status email to Investors; outline email and research information for email; work on requirements and outline procedure for compliance; several telephone calls with S. Heuer regarding information and procedure; telephone call with office of R. Koehler.	6.70
08/03/16 DGB	Review, work on and respond to several emails and text messages; review notes and information from S. Heuer and R. Koehler regarding information for update to Investors; work on and prepare detailed update to Investors; extended telephone call with G. Clapper at AZ Securities Division; several telephone calls with R. Koehler; several telephone calls with S. Heuer regarding updated email to Investors, issues and procedure; review message from Y. Fielding; telephone call with Y. Fielding regarding Investor information; work on and revise detailed update to Investors; transmit detailed update.	7.80

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 3

08/04/16 DGB	Review, work on and respond to several emails and text messages; extended telephone call with S. Heuer regarding new information from Investors and AZ Securities Division; work on information for Investors, procedure and requirements; review message from K. Johnson; telephone call with K. Johnson regarding status of Statutory Agent, notices and requirements; review correspondence from W. Coy of AZ Securities Division; work on information from DenSco files; work on information from Investors; outline questions to address.	8.80
08/05/16 DGB	Review, work on and respond to several emails and text messages; review documents and work on issues and information; several telephone calls with W. Coy regarding background information, requirements, procedure and status of Menaged Bankruptcy, issues and procedure; extended telephone call with S. Heuer regarding DenSco documents, files and information; telephone call with W. Ledut regarding status and procedure for investors; prepare detailed status email to all Investors; work on and revise email; transmit same.	8.40
08/06/16 DGB	Review, work on and respond to several emails and text messages; review messages; review documents and information from Investors; review DenSco files; relay information to Investors from DenSco files.	2.40
08/07/16 DGB	Review, work on and respond to several emails and text messages; review messages; review documents and information from Investors; review information from DropBox.	2.90
08/08/16 DGB	Review, work on and respond to several emails and text messages; review several messages; several telephone calls with L. Shultz and other investors concerning procedure to take action against S. Menaged; review Subpoena from AZ Securities Division; forward Subpoena to required parties; review Subpoena and outline information and sources to obtain information for Subpoena; prepare for and extended telephone call with W. Coy regarding Subpoena,	9.60

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 4

Wednesday meeting, issues and procedure;  
prepare detailed email update to Investors to  
respond to questions and provide update.

- 08/09/16 DGB Review, work on and respond to several emails 7.80  
and text messages; prepare for meeting with  
AZ Securities Division; work on issues and  
outline follow up; review messages; review  
detailed message from C. Gorman regarding  
selection of Receiver, Menaged Bankruptcy;  
extended telephone call with C. Gorman  
regarding possible Receivership; several  
telephone calls with K. Merritt; telephone  
call with P. Erbland; work on questions from  
Investors and respond to Investors via email;  
work on information and questions to discuss  
concerning Subpoena with AZ Securities  
Division; review files and information.
- 08/10/16 DGB Review, work on and respond to several emails 9.50  
and text messages; review several messages;  
prepare for and meeting with S. Heuer regarding  
preparations for meeting with AZ Securities  
Division; prepare and transmit letter to W. Coy  
regarding response to Subpoena; review messages  
from S. Heuer; several telephone calls with S.  
Heuer regarding DenSco boxes and procedure,  
issues for meeting and schedule; meeting with  
S. Heuer; meeting with W. Coy, G. Clapper and  
B. Woerner (with S. Heuer on phone) to discuss  
issues, background, Receivership, cash, interim  
instructions, Subpoena and procedure; review  
and work on boxes; review filings from Menaged  
Bankruptcy.
- 08/11/16 DGB Review, work on and respond to several emails 7.90  
and text messages; review documents and  
information for loan payoffs; review files,  
documents and work on information for response  
to Subpoena; conference call with S. Heuer, J.  
Polese and K. Merritt regarding documents,  
privilege log and procedure; telephone call  
with R. Koehler regarding information for loan  
payoff, procedure and requirements for DenSco  
boxes in possession of R. Koehler; review  
Menaged Bankruptcy docket and issues; review  
documents from Bankruptcy affecting DenSco;  
review messages for loan payoffs..

# CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
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08/12/16 DGB	Review, work on and respond to several emails and text messages; review documents and information; review message from W. Coy; telephone call with W. Coy regarding procedure for Receiver, issues and requirements; conference call with J. Polese and K. Merritt regarding procedure with DenSco boxes, response to Subpoena from AZ Securities Division, possible receivables and requirements and status of Investor files; review message from G. Clapper; review message from B. Edwards of MainStar Trust; telephone call with office of B. Edwards; review detailed message from K. Merritt; review message from office of J. Polese; telephone call with office of K. Merritt; coordinate and work with the transfer of DenSco boxes; review correspondence from J. Polese; review and respond to questions from Investors via email; work on loan payoff information.	8.90
08/13/16 DGB	Review email; telephone call with K. Merritt regarding delivery of D. Chittick's computer, additional files, DenSco mail and documents; review information and outline follow up.	.50
08/14/16 DGB	Review, work on and respond to several emails; work on information concerning loan payoffs; review several emails from Investors and respond to same.	.90
08/15/16 DGB	Review, work on and respond to several emails and text messages; review and work on documents and information; review messages and information concerning loan pay-offs; several telephone conversations with borrowers, escrow agents and real estate agents; work on information for loan pay-offs; review files and documents; work on information and issues for response to subpoena from AZ Securities Division; review message from K. Merritt; telephone call with office of K. Merritt; arrange for transfer of D. Chittick's computer; review message from G. Clapper; telephone call with G. Clapper regarding Forbearance Agreement; arrange for copy for G. Clapper.	5.90

# CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
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08/16/16 DGB Review, work on and respond to several emails 4.20  
and text messages; review messages; several  
telephone conversations with escrow agents,  
title officers, real estate agents and  
borrowers; review files and documents; work on  
information and issues for response to Subpoena  
from AZ Securities Division; telephone call  
with office of R. Koehler regarding payoff  
calculation; review question from Investor and  
respond; review notes and information from B.  
Luchtel; telephone call with B. Luchtel.

08/17/16 DGB Review, work on and respond to several emails 11.70  
and telephone messages; review messages;  
several telephone calls with escrow agents,  
borrowers and real estate agents; work on and  
revise Declaration; review POM and file  
documents to confirm information for  
Declaration; sign and transmit Declaration;  
several telephone calls with G. Clapper and W.  
Coy; conference call with J. Polese and K.  
Merritt RE: motion for and hearing to appoint  
receiver; review documents; work on issues and  
information concerning response to subpoena  
from AZ Securities Division; review message  
from L. Schultz; several telephone calls with  
L. Schultz regarding loan payoffs, issues and  
procedure; follow up with emails; review  
messages from B. Edwards; telephone call with  
office of B. Edwards; review message from M.  
Blackbird regarding loan payoffs; several  
telephone calls with M. Blackbird regarding  
loan payoffs; telephone call with R. Koehler  
regarding loan payoffs; review message from P.  
Crawford; telephone call with K. Merritt  
regarding loan payoffs and information;  
telephone call with P. Crawford regarding Deeds  
of Release and documentation for release.

08/01/2016 -  
08/17/2016

Subtotal:

112.0 hrs @  
\$460/hr =

\$51,520

08/18/16 DGB Review, work on and respond to several emails 12.50  
and text messages; review messages; several  
telephone calls with W. Coy and G. Clapper  
regarding information for hearing; travel to  
and attend hearing; work with G. Clapper  
concerning loan files; discuss issues and  
procedure with W. Coy; meeting with K.  
Merritt to discuss attorney-client privilege  
log and response to subpoena from AZ  
Securities Division; work on issues and

08/18/2016 -  
08/31/2016

Subtotal:

48.8 hrs @  
\$460/hr =

\$22,448

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
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information for response to subpoena; several telephone calls with T. Hall regarding documentation for release of loan escrow; review loan files; insert loan payoff information from R. Koehler and transmit payoff information; review documents and information from W. Coy.

08/19/16 DGB	Review, work on and respond to several emails from Investors, borrowers and third parties; review several messages; several telephone calls with escrow agents, borrowers and real estate agents concerning loan payoffs, issues and procedure; review files and documents; work on information concerning response to subpoena from AZ Securities Division; telephone call with R. Anderson regarding representation of Receiver; prepare email with introduction to R. Koehler and to escrow agents; work on loan payoff information for escrows to close; telephone call with office of K. Merritt; review files for information for K. Merritt and W. Coy.	6.80
08/20/16 DGB	Review, work on and respond to several emails; review files and documents; work on information concerning response to subpoena from AZ Securities Division; work on information concerning borrower loans.	2.60
08/21/16 DGB	Review, work on and respond to several emails; work on information concerning response to Subpoena from AZ Securities Division; work on information concerning borrower loans.	1.60
08/22/16 DGB	Review, work on and respond to several emails; review several messages; telephone calls with Escrow Agents, Real Estate Agents, borrowers and Title Company staff regarding loan pay offs, issues and procedure; review files and documents; work on information concerning response to Subpoena from AZ Securities Division; review several messages from M. Blackford; several telephone calls with M. Blackford; review message from D. Woods;	5.60

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
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telephone call with office of D. Woods;  
telephone call with D. Woods regarding loan pay  
offs for DenSco; review message from K.  
Merritt; work on loan pay offs information;  
telephone call with office of D. Jackman; work  
on documents from files for K. Merritt.

08/23/16 DGB	Review, work on and respond to several emails; review several messages; several telephone calls with Escrow Agents, borrowers and real estate agents regarding loan pay offs, issues and procedure; review file and documents; work on information requested by Receiver, other attorneys and for response to Subpoena from AZ Securities Division; telephone call with D. Jackman regarding loan pay off procedure; review several messages from D. Woods; telephone call with D. Woods; review message from M. Blackford; telephone call with M. Blackford; review message from Sara (Simon Consulting) regarding pick up of boxes; coordinate same; forward loan pay off requests to C. Schmidt; review files to confirm information requested.	6.60
08/24/16 DGB	Review, work on and respond to several emails; review messages from borrowers, escrow agents and real estate agents; send emails to direct them to office of Receiver's counsel; review and work on notes concerning response to Subpoena from AZ Securities Division.	1.60
08/25/16 DGB	Review, work on and respond to several emails; review messages; several telephone calls with borrowers, escrow agents and real estate agents; review and work on files and information to respond to Subpoena from AZ Securities Division.	2.20
08/26/16 DGB	Review, work on and respond to several emails; review draft pleadings and proposed order from R. Anderson; review messages; review and work on files, documents and information for Receiver and to respond to Subpoena from AZ Securities Division.	3.80



## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 9

08/27/16 DGB	Review email and information concerning police report and information for Receiver; review information concerning 341 Hearing.	.40
08/29/16 DGB	Review telephone message from borrower; review, work on and respond to emails; forward borrower information to C. Schmidt; review, work on and respond to several emails; review correspondence and pleadings from R.. Anderson; review information form J. Polese and K. Merritt; review emails and questions from Investors.	2.10
08/30/16 DGB	Review messages from Stewart Title regarding loan payoff; telephone call with K. Wettering regarding loan payoff issues and procedure; review email and forward to C. Schmidt; review message from K. Merritt; telephone call with office of K. Merritt; work on files for transmittal to Receiver; discuss issues and procedure with M. Sifferman; review, work on and respond to several emails; telephone call with K. Merritt regarding email, issues and procedure for privilege log; review Proposed Administrative Procedure Order; review emails and forward links to K. Merritt regarding Active Funding Group and partners of S. Menaged.	2.10
08/31/16 DGB	Review message from title company concerning loan payoff; telephone call with T. Hall regarding same; work on information for file transition.	.90

\$73,968.00

### TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	160.80 hours at \$460.00 =	\$73,968.00
-----	--------------------	----------------------------	-------------

# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed ID # 38-0425840

## INVOICE

Invoice # 677709

DenSco Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue  
Suite 2460  
Phoenix, AZ 85012

October 18, 2016  
Client: 43820  
Matter: 307376

=====

RE: Business Wind Down

FOR SERVICES RENDERED through September 30, 2016

Total Services: \$598.00

INVOICE TOTAL \$598.00

09/12/16 670634 \$73968.00

Outstanding Balance: \$73,968.00

TOTAL AMOUNT DUE \$74,566.00  
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 2

### DETAILED DESCRIPTION OF SERVICES

09/05/16 DGB	Review and work on files for transition (1.8 no charge); telephone call with K. Merritt regarding Common Sense Agreement; attorney-client review of documents and procedure (0.5 no charge).	.10
09/08/16 DGB	Work on information and procedure for transition of files to Receiver; discuss issues and procedure with M. Sifferman (2.8 no charge).	.10
09/09/16 DGB	Review and respond to emails from M. Blackford and escrow agent (0.3); review and work on files for file transition (1.7 no charge).	.30
09/10/16 DGB	Review and respond to email from M. Blackford regarding loan payoff (0.1); review and work on files for transition (2.1 no charge).	.10
09/12/16 DGB	Review and respond to email from S. Beretta in Receiver's office (0.2); review and respond to email from K. Merritt regarding files for review; several telephone calls with K. Merritt regarding regarding files for review for attorney-client information; work on file transition (3.2 no charge).	.20
09/13/16 DGB	Review files and confirm information of Receiver; review and respond to email from S. Beretta in Receiver's Office.	.70
09/13/16 DGB	Work on files for transition (2.1 no charge).	.10
09/14/16 DGB	Conference call with S. Beretta in office of P. Davis (0.1 no charge); extended conference call with K. Merritt regarding attorney-client issues and procedure with Clark Hill files; prepare for conference call with P. Davis and work on file transition (1.5 no charge).	.10

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 3

09/15/16	DGB	Review files information and work on transfer of files (3.2 no charge).	.10
09/16/16	DGB	Review emails and correspondence; telephone call with R. Anderson regarding issues concerning requirements for transmittal of files and prior obligations under AZ Securities Division subpoena; review emails concerning Common Sense Agreement and Attorney-Client issues (1.6 no charge).	.10
09/23/16	DGB	Review and respond to several emails concerning procedure for Attorney-Client review of files (1.2 no charge).	1.20

\$598.00

TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	1.80 hours at	\$0.00 =	\$0.00
DGB	David G. Beauchamp	1.30 hours at	\$460.00 =	\$598.00

## PROOF OF CLAIM

### DenSco Investment Corporation Receivership

Case No. CV 2016-014142

Peter S. Davis, Receiver

This claim is being solicited pursuant to Petition No. 19. A claimant is a person entitled to assert a right of payment or claim against DenSco Investment Corporation or against any Receivership Asset. For additional information, please access the Receiver's website at [denscoreceiver1.godaddy.com](http://denscoreceiver1.godaddy.com) or [denscoinvestment.com](http://denscoinvestment.com), or contact the Receiver in writing at the address below.

Check here if this Claim:

☐ Replaces  
☐ Amends  
☐ Supplements

A previously filed claim dated: \_\_\_\_\_

#### Claimant Information:

Name: CLARK HILL PLO  
Address: c/o Ryan Lorenz  
4450 N. Scottsdale Rd. Ste. 600  
Scottsdale, AZ 85254  
Email: RLorenz@Clark-Hill.com  
Telephone: 480-684-4107

**\* URGENT MATTER \***  
**CLAIM FORM MUST BE PROVIDED**  
**TO THE RECEIVER ON OR BEFORE**  
**JUNE 30, 2017**

#### NON-INVESTOR CLAIM

A Non-Investor Claim is a claim that does NOT arise from the placement or loan of the Claimant's own funds with DenSco Investment Corporation pursuant to Confidential Private Offering Memoranda.

#### Basis for Your Claim:

☒ Administrative Claim related to costs or expenses incurred on or after August 18, 2016 on behalf of the Receiver or DenSco Investment Corporation (other than Administrative Claims of the Receiver or the Receiver's agents)

☐ Goods Purchased  
☒ Services Performed  
☐ Money Loaned  
☐ Wages, Salaries, and Compensation  
☐ Other Form of Contract  
☐ Other Type of Claim

#### Details of Your Claim:

Relevant Dates: From: August 18, 2016 To: September 30, 2016

Is Your Claim Secured? A Secured Claim is secured by a property perfected lien on Receivership Assets. An Unsecured Claim is a Claim against DenSco Investment Corporation or a Receivership Asset other than an Investor Claim.

☐ I have a Secured Claim (Attach Evidence of Security).

Secured Claim Amount: \$ \_\_\_\_\_

☒ I have an Unsecured Claim.

Unsecured Claim Amount: \$ 23,046.00

Description: Please provide below all relevant details regarding the basis for your claim, such as the type of goods purchased or services performed, the purpose of the loan, the nature of the contract, etc.:

Clark Hill provided legal services to DenSco Investment Corp. in June, July, August, September 2016. The work performed is documented by the firm's invoices. These are attached to this proof of claim with an affidavit of Ryan Lorenz. The services provided to DenSco Investment Corp. on and before August 18, 2016 are a separate unsecured claim.

#### Documentation of Your Claim:

Please attach copies of all documents in support of this claim, such as invoices, statements, contracts, notes, guarantees, judgments, evidence of security, or any other documents establishing the indebtedness of DenSco Investment Corporation or the Receivership Estate to you. Do not file original documents with your Claim. If a supporting document is not available, you must attach an explanation as to why the document is not available.

#### CLAIMANT OATH

I have personal knowledge of the facts set forth above and I declare, under the penalty of perjury, that the above information is true and correct.

Name (Print): Ryan J. Lorenz

Signature: [Signature]

Date: June 21, 2017

Name (Print): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Provide your completed and signed Proof of Claim and copies of all documents supporting your claim to the Receiver on or before June 30, 2017.

PLEASE MAIL TO: DenSco Receiver  
Simon Consulting, LLC  
3200 North Central Avenue, Suite 2460  
Phoenix, Arizona 85012

**Affidavit of Ryan Lorenz**

STATE OF ARIZONA       )  
                                  ) ss.  
Maricopa County        )

Ryan Lorenz, first duly sworn, upon his oath, deposes and states as follows:

1. I am over the age of nineteen years, am competent to give sworn testimony, and have personal knowledge of all matters set forth in this affidavit.

2. I am a 1999 graduate of Creighton University School of Law and was admitted to practice before courts of the state of Arizona in 1999.

3. In 2002, I was admitted to practice before the courts of the state of Nevada. I have also been admitted to practice before the United States District Court for the Districts of Arizona, Nevada and Colorado; the United States Court of Appeals for the Ninth Circuit; the United States Supreme Court; and a dozen tribal courts in Arizona.

4. I have never had my privilege to practice suspended or terminated. I have never been subject to discipline by any court.

5. I am familiar with the requirement of reasonableness of attorneys' fees as provided by ER 1.5, Rule 42, Arizona Rules of the Supreme Court. I am also familiar with hourly rates, billing practices, and the requirement to document and communicate accurately and completely the amount an attorney is billing and justification for such billing.

6. I am a member in the firm of Clark Hill PLC ("Firm") and have been with the Firm since 2009. David Beauchamp is a member of the Firm in its corporate practice group and has been with the firm since 2013. Mr. Beauchamp has been admitted to practice in Arizona since 1981.

7. In 2016 and earlier, the Firm represented DenSco Investment Corporation ("DenSco"). The subject matter of the Firm's work for DenSco was general business advice and representation.

8. The Firm accrued unpaid attorneys' fees for work performed by Mr. Beauchamp. These fees were documented by invoices attached to this affidavit and reflect the time and effort expended by Mr. Beauchamp. The Firm is owed \$2,300 for 5.0 hours of attorney time at \$460/hour, for its invoices reflecting services in June and July 2016.

9. After the death of DenSco's principal, Denny Chittick, in July 2016, the Firm transitioned the subject matter of its work to advice and guidance to DenSco to assist it in winding down its business. Through August 17, 2016, Mr. Beauchamp expended 112.0 hours on intensive daily work to support and advise DenSco. At \$460/hour, the Firm accrued \$51,520 in billing. Prior to August 18, 2016, the total of unpaid fees remaining owing is \$53,820.

10. On and after August 18, 2016, the Firm continued to provide services to DenSco, but at a reduced level of intensity, due to the appointment of a receiver to manage its affairs, and the retention by the receiver of separate counsel. During the remainder of August 2016, Mr. Beauchamp expended 48.8 hours at \$460/hour for a total of \$22,448 in fees.

11. In September 2016, Mr. Beauchamp expended 3.1 hours in further assisting and advising DenSco. However, Mr. Beauchamp marked 1.8 hours as "no charge", thereby reducing the amount of fees incurred to 1.3 hours at \$460/hour, for a total of \$598. Between August 18 and September 30, 2016, the Firm accrued \$23,046.

12. Between pre-August 18, 2016, and post-August 17, 2016 fees, the Firm's outstanding balance for work performed by Mr. Beauchamp is \$76,866.

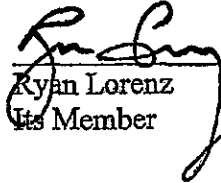
13. For purposes of asserting a claim against DenSco's receivership estate, the Firm has bifurcated these amounts into \$53,820 for pre-August 18, 2016 and \$23,046 for post-August 17, 2016 fees. The Firm claims that the latter fees were incurred on behalf of DenSco and are, therefore, administrative in nature.

14. Based upon my review of the time entries documented and discussed above, it is my opinion, based upon my knowledge, experience and interaction with other attorneys of similar or greater experience that the time quantities and hourly rate are reasonable. It is my further opinion that the fee amounts discussed above are reasonable and incurred for DenSco's pre- and post-receivership benefit.

Further affiant sayeth naught.

Dated this 21 day of June 2017.

CLARK HILL PLC

  
Ryan Lorenz  
Its Member

SUBSCRIBED AND SWORN TO before me this 21 day of June 2017, by Ryan Lorenz,  
as a member of Clark Hill PLC.



SHONDA LEE ORDONEZ  
Notary Public - Arizona  
Maricopa County  
Expires 08/04/2018

  
Notary Public



# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed ID # 38-0425840

## INVOICE

Invoice # 663658

DenSco Investment Corporation  
Attn: Denny Chittick  
6132 W. Victoria Place  
Chandler, AZ 85226

July 22, 2016  
Client: 43820  
Matter: 170145

=====

RE: Business Matters

FOR SERVICES RENDERED through June 30, 2016

Total Services: \$1,886.00

INVOICE TOTAL \$1,886.00

TOTAL AMOUNT DUE \$1,886.00  
=====

PAYABLE UPON RECEIPT IN U S DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Matters  
July 22, 2016  
INVOICE # 663658  
Page 2

### DETAILED DESCRIPTION OF SERVICES

06/02/16	DGB Review and respond to emails; prepare, work on and revise detailed response to ADFI and send to D. Chittick for approval; work on information to submit to ADFI.	2.60
06/03/16	DGB Review and respond to several emails concerning supplemental filing with ADFI; attach exhibits and file response.	.80
06/24/16	DGB Review and respond to email from D. Chittick; review document.	.30
06/28/16	DGB Review and respond to email from D. Chittick; review documents and HUD-1; email questions regarding HUD-1.	.40

\$1,886.00

### TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	4.10 hours at \$460.00 =	\$1,886.00
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# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed ID # 38-0425840

## INVOICE

Invoice # 666138

DenSco Investment Corporation  
Attn: Denny Chittick  
6132 W. Victoria Place  
Chandler, AZ 85226

August 10, 2016  
Client: 43820  
Matter: 170145

=====

RE: Business Matters

FOR SERVICES RENDERED through July 31, 2016

Total Services: \$414.00

INVOICE TOTAL \$414.00

07/22/16 663658 \$1886.00

Outstanding Balance: \$1,886.00

TOTAL AMOUNT DUE \$2,300.00  
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Matters  
August 10, 2016  
INVOICE # 666138  
Page 2

DETAILED DESCRIPTION OF SERVICES

07/30/16 DGB	Telephone call with R. Koehler and S. Heuer regarding transition after death of D. Chittick; review records and obligations.	.10
07/31/16 DGB	Review and respond to several emails concerning meeting and questions; review and respond to emails from S. Heuer regarding notice to investors.	.80

\$414.00

TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	0.90 hours at \$460.00 =	\$414.00
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# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N Scottsdale Road, Suite 500  
Scottsdale, Arizona 85254  
Telephone (480) 684-1100  
Fed.ID # 38-0425840

## INVOICE

DenSco Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue  
Suite 2460  
Phoenix, AZ 85012

Invoice # 670634  
September 12, 2016  
Client: 43820  
Matter: 307376

=====

RE: Business Wind Down

FOR SERVICES RENDERED through August 31, 2016

Total Services:	\$73,968.00
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INVOICE TOTAL	\$73,968.00
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PAYABLE UPON RECEIPT IN U S DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 2

### DETAILED DESCRIPTION OF SERVICES

08/01/16 DGB	Review emails, documents, information and chronology of events; telephone call with R. Koehler; several telephone calls with S. Heuer; prepare for and meeting with S. Heuer and R. Koehler regarding events, issues, procedure and requirements; review documents and information; outline follow up and procedure; review email instructions from D. Chittick; outline issues and follow up; review information from DenSco's files; work on follow up.	8.10
08/02/16 DGB	Review, work on and respond to several emails and text messages; review notes, information from S. Heuer and work on information; meeting with S. Heuer and review documents and information; review Managed Bankruptcy Docket information and requirements; work on information for status email to Investors; outline email and research information for email; work on requirements and outline procedure for compliance; several telephone calls with S. Heuer regarding information and procedure; telephone call with office of R. Koehler.	6.70
08/03/16 DGB	Review, work on and respond to several emails and text messages; review notes and information from S. Heuer and R. Koehler regarding information for update to Investors; work on and prepare detailed update to Investors; extended telephone call with G. Clapper at AZ Securities Division; several telephone calls with R. Koehler; several telephone calls with S. Heuer regarding updated email to Investors, issues and procedure; review message from Y. Fielding; telephone call with Y. Fielding regarding Investor information; work on and revise detailed update to Investors; transmit detailed update.	7.80

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 3

08/04/16 DGB	Review, work on and respond to several emails and text messages; extended telephone call with S. Heuer regarding new information from Investors and AZ Securities Division; work on information for Investors, procedure and requirements; review message from K. Johnson; telephone call with K. Johnson regarding status of Statutory Agent, notices and requirements; review correspondence from W. Coy of AZ Securities Division; work on information from DenSco files; work on information from Investors; outline questions to address.	8.80
08/05/16 DGB	Review, work on and respond to several emails and text messages; review documents and work on issues and information; several telephone calls with W. Coy regarding background information, requirements, procedure and status of Menaged Bankruptcy, issues and procedure; extended telephone call with S. Heuer regarding DenSco documents, files and information; telephone call with W. Ledut regarding status and procedure for investors; prepare detailed status email to all Investors; work on and revise email; transmit same.	8.40
08/06/16 DGB	Review, work on and respond to several emails and text messages; review messages; review documents and information from Investors; review DenSco files; relay information to Investors from DenSco files.	2.40
08/07/16 DGB	Review, work on and respond to several emails and text messages; review messages; review documents and information from Investors; review information from DropBox.	2.90
08/08/16 DGB	Review, work on and respond to several emails and text messages; review several messages; several telephone calls with L. Shultz and other investors concerning procedure to take action against S. Menaged; review Subpoena from AZ Securities Division; forward Subpoena to required parties; review Subpoena and outline information and sources to obtain information for Subpoena; prepare for and extended telephone call with W. Coy regarding Subpoena,	9.60

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 4

Wednesday meeting, issues and procedure;  
prepare detailed email update to Investors to  
respond to questions and provide update.

08/09/16 DGB	Review, work on and respond to several emails and text messages; prepare for meeting with AZ Securities Division; work on issues and outline follow up; review messages; review detailed message from C. Gorman regarding selection of Receiver, Menaged Bankruptcy; extended telephone call with C. Gorman regarding possible Receivership; several telephone calls with K. Merritt; telephone call with P. Erbland; work on questions from Investors and respond to Investors via email; work on information and questions to discuss concerning Subpoena with AZ Securities Division; review files and information.	7.80
08/10/16 DGB	Review, work on and respond to several emails and text messages; review several messages; prepare for and meeting with S. Heuer regarding preparations for meeting with AZ Securities Division; prepare and transmit letter to W. Coy regarding response to Subpoena; review messages from S. Heuer; several telephone calls with S. Heuer regarding DenSco boxes and procedure, issues for meeting and schedule; meeting with S. Heuer; meeting with W. Coy, G. Clapper and B. Woerner (with S. Heuer on phone) to discuss issues, background, Receivership, cash, interim instructions, Subpoena and procedure; review and work on boxes; review filings from Menaged Bankruptcy.	9.50
08/11/16 DGB	Review, work on and respond to several emails and text messages; review documents and information for loan payoffs; review files, documents and work on information for response to Subpoena; conference call with S. Heuer, J. Polese and K. Merritt regarding documents, privilege log and procedure; telephone call with R. Koehler regarding information for loan payoff, procedure and requirements for DenSco boxes in possession of R. Koehler; review Menaged Bankruptcy docket and issues; review documents from Bankruptcy affecting DenSco; review messages for loan payoffs..	7.90



## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 5

08/12/16 DGB	Review, work on and respond to several emails and text messages; review documents and information; review message from W. Coy; telephone call with W. Coy regarding procedure for Receiver, issues and requirements; conference call with J. Polese and K. Merritt regarding procedure with DenSco boxes, response to Subpoena from AZ Securities Division, possible receivables and requirements and status of Investor files; review message from G. Clapper; review message from B. Edwards of MainStar Trust; telephone call with office of B. Edwards; review detailed message from K. Merritt; review message from office of J. Polese; telephone call with office of K. Merritt; coordinate and work with the transfer of DenSco boxes; review correspondence from J. Polese; review and respond to questions from Investors via email; work on loan payoff information.	8.90
08/13/16 DGB	Review email; telephone call with K. Merritt regarding delivery of D. Chittick's computer, additional files, DenSco mail and documents; review information and outline follow up.	.50
08/14/16 DGB	Review, work on and respond to several emails; work on information concerning loan payoffs; review several emails from Investors and respond to same.	.90
08/15/16 DGB	Review, work on and respond to several emails and text messages; review and work on documents and information; review messages and information concerning loan pay-offs; several telephone conversations with borrowers, escrow agents and real estate agents; work on information for loan pay-offs; review files and documents; work on information and issues for response to subpoena from AZ Securities Division; review message from K. Merritt; telephone call with office of K. Merritt; arrange for transfer of D. Chittick's computer; review message from G. Clapper; telephone call with G. Clapper regarding Forbearance Agreement; arrange for copy for G. Clapper.	5.90

# CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 6

08/16/16 DGB Review, work on and respond to several emails 4.20  
and text messages; review messages; several  
telephone conversations with escrow agents,  
title officers, real estate agents and  
borrowers; review files and documents; work on  
information and issues for response to Subpoena  
from AZ Securities Division; telephone call  
with office of R. Koehler regarding payoff  
calculation; review question from Investor and  
respond; review notes and information from B.  
Luchtel; telephone call with B. Luchtel.

08/17/16 DGB Review, work on and respond to several emails 11.70  
and telephone messages; review messages;  
several telephone calls with escrow agents,  
borrowers and real estate agents; work on and  
revise Declaration; review POM and file  
documents to confirm information for  
Declaration; sign and transmit Declaration;  
several telephone calls with G. Clapper and W.  
Coy; conference call with J. Polese and K.  
Merritt RE: motion for and hearing to appoint  
receiver; review documents; work on issues and  
information concerning response to subpoena  
from AZ Securities Division; review message  
from L. Schultz; several telephone calls with  
L. Schultz regarding loan payoffs, issues and  
procedure; follow up with emails; review  
messages from B. Edwards; telephone call with  
office of B. Edwards; review message from M.  
Blackbird regarding loan payoffs; several  
telephone calls with M. Blackbird regarding  
loan payoffs; telephone call with R. Koehler  
regarding loan payoffs; review message from P.  
Crawford; telephone call with K. Merritt  
regarding loan payoffs and information;  
telephone call with P. Crawford regarding Deeds  
of Release and documentation for release.

08/01/2016 -  
08/17/2016

Subtotal:

112.0 hrs @  
\$460/hr =

\$51,520

08/18/16 DGB Review, work on and respond to several emails 12.50  
and text messages; review messages; several  
telephone calls with W. Coy and G. Clapper  
regarding information for hearing; travel to  
and attend hearing; work with G. Clapper  
concerning loan files; discuss issues and  
procedure with W. Coy; meeting with K.  
Merritt to discuss attorney-client privilege  
log and response to subpoena from AZ  
Securities Division; work on issues and

08/18/2016 -  
08/31/2016

Subtotal:

48.8 hrs @  
\$460/hr =

\$22,448

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 7

information for response to subpoena; several telephone calls with T. Hall regarding documentation for release of loan escrow; review loan files; insert loan payoff information from R. Koehler and transmit payoff information; review documents and information from W. Coy.

08/19/16 DGB	Review, work on and respond to several emails from Investors, borrowers and third parties; review several messages; several telephone calls with escrow agents, borrowers and real estate agents concerning loan payoffs, issues and procedure; review files and documents; work on information concerning response to subpoena from AZ Securities Division; telephone call with R. Anderson regarding representation of Receiver; prepare email with introduction to R. Koehler and to escrow agents; work on loan payoff information for escrows to close; telephone call with office of K. Merritt; review files for information for K. Merritt and W. Coy.	6.80
08/20/16 DGB	Review, work on and respond to several emails; review files and documents; work on information concerning response to subpoena from AZ Securities Division; work on information concerning borrower loans.	2.60
08/21/16 DGB	Review, work on and respond to several emails; work on information concerning response to Subpoena from AZ Securities Division; work on information concerning borrower loans.	1.60
08/22/16 DGB	Review, work on and respond to several emails; review several messages; telephone calls with Escrow Agents, Real Estate Agents, borrowers and Title Company staff regarding loan pay offs, issues and procedure; review files and documents; work on information concerning response to Subpoena from AZ Securities Division; review several messages from M. Blackford; several telephone calls with M. Blackford; review message from D. Woods;	5.60

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 8

telephone call with office of D. Woods;  
telephone call with D. Woods regarding loan pay  
offs for DenSco; review message from K.  
Merritt; work on loan pay offs information;  
telephone call with office of D. Jackman; work  
on documents from files for K. Merritt.

08/23/16	DGB	Review, work on and respond to several emails; review several messages; several telephone calls with Escrow Agents, borrowers and real estate agents regarding loan pay offs, issues and procedure; review file and documents; work on information requested by Receiver, other attorneys and for response to Subpoena from AZ Securities Division; telephone call with D. Jackman regarding loan pay off procedure; review several messages from D. Woods; telephone call with D. Woods; review message from M. Blackford; telephone call with M. Blackford; review message from Sara (Simon Consulting) regarding pick up of boxes; coordinate same; forward loan pay off requests to C. Schmidt; review files to confirm information requested.	6.60
08/24/16	DGB	Review, work on and respond to several emails; review messages from borrowers, escrow agents and real estate agents; send emails to direct them to office of Receiver's counsel; review and work on notes concerning response to Subpoena from AZ Securities Division.	1.60
08/25/16	DGB	Review, work on and respond to several emails; review messages; several telephone calls with borrowers, escrow agents and real estate agents; review and work on files and information to respond to Subpoena from AZ Securities Division.	2.20
08/26/16	DGB	Review, work on and respond to several emails; review draft pleadings and proposed order from R. Anderson; review messages; review and work on files, documents and information for Receiver and to respond to Subpoena from AZ Securities Division.	3.80

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
September 12, 2016  
INVOICE # 670634  
Page 9

08/27/16 DGB	Review email and information concerning police report and information for Receiver; review information concerning 341 Hearing.	..40
08/29/16 DGB	Review telephone message from borrower; review, work on and respond to emails; forward borrower information to C. Schmidt; review, work on and respond to several emails; review correspondence and pleadings from R. Anderson; review information form J. Polese and K. Merritt; review emails and questions from Investors.	2.10
08/30/16 DGB	Review messages from Stewart Title regarding loan payoff; telephone call with K. Wettering regarding loan payoff issues and procedure; review email and forward to C. Schmidt; review message from K. Merritt; telephone call with office of K. Merritt; work on files for transmittal to Receiver; discuss issues and procedure with M. Sifferman; review, work on and respond to several emails; telephone call with K. Merritt regarding email, issues and procedure for privilege log; review Proposed Administrative Procedure Order; review emails and forward links to K. Merritt regarding Active Funding Group and partners of S. Menaged.	2.10
08/31/16 DGB	Review message from title company concerning loan payoff; telephone call with T. Hall regarding same; work on information for file transition.	.90

\$73,968.00

### TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	160.80 hours at \$460.00 =	\$73,968.00
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# CLARK HILL

PLC

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500

Scottsdale, AZ 85254

Telephone (480) 684-1100

Fed ID # 38-0425840

## INVOICE

Invoice # 677709

DenSoo Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue  
Suite 2460  
Phoenix, AZ 85012

October 18, 2016  
Client: 43820  
Matter: 307376

=====

RE: Business Wind Down

FOR SERVICES RENDERED through September 30, 2016

Total Services: \$598.00

INVOICE TOTAL \$598.00

09/12/16 670634 \$73968.00

Outstanding Balance: \$73,968.00

TOTAL AMOUNT DUE \$74,566.00  
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

## CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 2

### DETAILED DESCRIPTION OF SERVICES

09/05/16 DGB	Review and work on files for transition (1.8 no charge); telephone call with K. Merritt regarding Common Sense Agreement; attorney-client review of documents and procedure (0.5 no charge).	.10
09/08/16 DGB	Work on information and procedure for transition of files to Receiver; discuss issues and procedure with M. Sifferman (2.8 no charge).	.10
09/09/16 DGB	Review and respond to emails from M. Blackford and escrow agent (0.3); review and work on files for file transition (1.7 no charge).	.30
09/10/16 DGB	Review and respond to email from M. Blackford regarding loan payoff (0.1); review and work on files for transition (2.1 no charge).	.10
09/12/16 DGB	Review and respond to email from S. Beretta in Receiver's office (0.2); review and respond to email from K. Merritt regarding files for review; several telephone calls with K. Merritt regarding regarding files for review for attorney-client information; work on file transition (3.2 no charge).	.20
09/13/16 DGB	Review files and confirm information of Receiver; review and respond to email from S. Beretta in Receiver's Office.	.70
09/13/16 DGB	Work on files for transition (2.1 no charge).	.10
09/14/16 DGB	Conference call with S. Beretta in office of P. Davis (0.1 no charge); extended conference call with K. Merritt regarding attorney-client issues and procedure with Clark Hill files; prepare for conference call with P. Davis and work on file transition (1.5 no charge).	.10

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 3

09/15/16 DGB	Review files information and work on transfer of files (3.2 no charge).	.10
09/16/16 DGB	Review emails and correspondence; telephone call with R. Anderson regarding issues concerning requirements for transmittal of files and prior obligations under AZ Securities Division subpoena; review emails concerning Common Sense Agreement and Attorney-Client issues (1.6 no charge).	.10
09/23/16 DGB	Review and respond to several emails concerning procedure for Attorney-Client review of files (1.2 no charge).	1.20

\$598.00

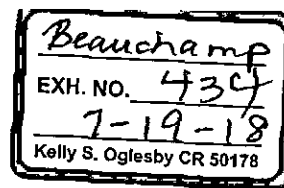
TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	1.80 hours at	\$0.00 =	\$0.00
DGB	David G. Beauchamp	1.30 hours at	\$460.00 =	\$598.00



# **Exhibit No. 173**

# CLARK HILL



David Beauchamp  
T: 480.684.1126  
F: 480.684.1199  
dbeauchamp@clarkhill.com

Clark Hill PLC  
14850 N. Scottsdale Road  
Suite 500  
Scottsdale, AZ 85254  
T: 480.684.1100  
F: 480.684.1199  
clarkhill.com

August 10, 2016

VIA EMAIL & US MAIL  
([WCoy@azcc.gov](mailto:WCoy@azcc.gov))

Ms. Wendy Coy  
Arizona Corporation Commission  
Securities Division  
1300 West Washington Street  
Phoenix, AZ 85007

**Re: DenSco Investment Corporation /File No. 8604**

Dear Ms. Coy:

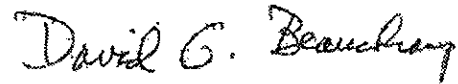
As a follow-up to our telephone conversation on Monday, we discussed the Subpoena Duces Tecum ("Subpoena") that I received from your office concerning the files of DenSco Investment Corporation ("DenSco"). Although we were previously special legal counsel to DenSco, our status as on-going counsel has been questioned and we will likely withdraw as counsel depending on how the courts and the interested parties elect to proceed to collect and distribute the recoverable assets of DenSco. When we had talked previously, I had said that I would accept delivery of a Subpoena from your office to DenSco to get started in the record location and delivery process. However, I have not previously represented Denny Chittick and I do not have authority to accept the service of the Subpoena on Mr. Chittick or his Estate, so some of the items listed in the Subpoena (e.g. Denny Chittick's personal tax records) are not within my control and I have forwarded the Subpoena to the Personal Representative for his Estate, Shawna Chittick Heuer. Shawna did not return to Arizona until very late last night and she did not arrive at Denny Chittick's house until early this morning. Accordingly, she has not had any time to look for the requested items prior to the 10:00 am, August 10 deadline in the Subpoena. However, she is aware of the items requested and she has assured me that she will diligently look for the requested personal items from Denny Chittick.

Currently, we only have a small portion of DenSco's files in our possession. We have made arrangements with Shawna to have the approximately 51 boxes of DenSco files to be transported from Denny Chittick's office to our firm's offices. Again, we will not receive those files until after the expiration of the deadline in the Subpoena. Even when we receive those files, there will be a significant amount of work to review the materials in those files and to find the items requested in the Subpoena. In our conversation on Monday, I had explained the inability

to timely respond to the Subpoena and you had indicated for us that you understood and you wanted us to proceed diligently looking for the items for your office and to keep your office fully informed of the progress being made.

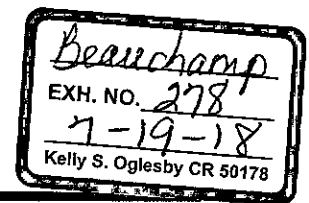
If you disagree with the set forth above or would like to proceed with a different approach to satisfy the items requested in the Subpoena, please contact me.

Very truly yours,

A handwritten signature in cursive script that reads "David G. Beauchamp".

David G. Beauchamp  
CLARK HILL PLC

# **Exhibit No. 174**



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Friday, August 12, 2016 3:38 PM  
**To:** James F. Polese  
**Cc:** Kevin R. Merritt (kmerritt@gblaw.com)  
**Subject:** RE: DenSco Investment Corporation

Jim:

Good set of emails!

Thank you.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** James F. Polese [mailto:jpolese@gblaw.com]  
**Sent:** Friday, August 12, 2016 3:02 PM  
**To:** 'Wendy Coy'  
**Cc:** 'shawnaseverest@gmail.com'; Gary Clapper; Kevin R. Merritt; Beauchamp, David G.  
**Subject:** RE: DenSco Investment Corporation

Ms. Coy:

I think we can get our list of acceptable receivers by Monday afternoon. I may not have CVs but you will have the list.

I don't think we need further colloquy on the issue of the production. As I am sure you are aware when you have a one person entity. Differentiating between what is personal and what is corporate becomes blurry. I know of only the single laptop that was used for both. Who actually is the owner – I don't know.

I do want to reiterate that our client has instructed us to work as cooperatively as possible with you and with investors in the effort to unravel this mess. It remains our view at this point in time from what we have seen that DenSco and Mr. Chittick were the victims of a fraud, not the perpetrators.

**James F. Polese**

602.256.4499 Direct | 602.405.3807 Mobile  
[jpolese@gblaw.com](mailto:jpolese@gblaw.com)

---

**From:** Wendy Coy [mailto:WC@azcc.gov]  
**Sent:** Friday, August 12, 2016 2:49 PM  
**To:** James F. Polese  
**Cc:** 'shawnaseverest@gmail.com'; Gary Clapper; Kevin R. Merritt; 'dbeauchamp@clarkhill.com'  
**Subject:** RE: DenSco Investment Corporation

Mr. Polese –

Thank you for your prompt response. The Securities Division needed to clarify the representation of the DenSco. Also, I wanted to address a couple of points in your email.

It is my understanding that Mr. Chittick's personal laptop is also the corporate computer and contains corporate records. If there is a separate corporate computer, please let us know. The Securities Division does not need or want any of the personal information of Mr. Chittick. However, if there is corporate information within the personal information, I believe that would be covered by the subpoena.

I believe I indicated to Mr. Beauchamp that I understood the position stated by counsel on the documents.

As to the appointment of the receiver, I appreciate the position that the estate is willing to work with the Securities Division on the appointment of a receiver. I did discuss two possible receivers with Mr. Beauchamp last Wednesday. Both have worked with this office before and have good reputations for controlling expenses. The Securities Division believes either would be appropriate to appoint on this matter. I am able to forward their CV's and fee schedules if you would like the information. We are more than willing to consider any one you suggest.

Due to the precarious situation DenSco is in, the sooner we can move forward with a receiver the better. With that being said, if possible would you be able to provide me your receiver suggestions by Monday afternoon?

I would be willing to discuss any of these issues with you in person or over the phone at any time. I will be checking emails throughout the weekend. I plan to be in the office Saturday morning.

If there is anything else, please let me know.

Wendy Coy

**Wendy Coy**  
Director of Enforcement  
Arizona Corporation Commission  
Securities Division  
1300 W. Washington, 3<sup>rd</sup> Floor  
Phoenix, Arizona 85007  
(602)542-0633

---

From: James F. Polese [<mailto:jpolese@gblaw.com>]

Sent: Friday, August 12, 2016 1:53 PM

To: Wendy Coy <[WC@azcc.gov](mailto:WC@azcc.gov)>

Cc: 'shawnaseverest@gmail.com' <[shawnaseverest@gmail.com](mailto:shawnaseverest@gmail.com)>; Gary Clapper <[GRC@azcc.gov](mailto:GRC@azcc.gov)>; Kevin R. Merritt <[KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)>; 'dbeauchamp@clarkhill.com' <[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com)>

Subject: RE: DenSco Investment Corporation

Ms. Coy:

As my letter made clear, we are counsel for the estate. As we understand it, Mr. Beauchamp remains as counsel for DenSco, if for no other reason than there is no mechanism in place to make any change.

Your email states that the subpoena is directed to DenSco but in your meeting with our client you apparently stated that you intended any documents that were personal to Mr. Chittick relating to investors, whether or not corporate records, to be within the scope of the subpoena, including his personal laptop.

Even if your subpoena sought only corporate documents, our involvement would nonetheless be mandated. DenSco had a single owner, officer and director. With his death the only owner of the company is the estate. While our client has no interest in running the company pending the appointment of a receiver, matters must be addressed, such as the Division's subpoena.

The reason the estate has taken the lead with respect to compliance with the subpoena is that Mr. Beauchamp and Clark Hill find themselves in somewhat of an awkward position, given the wild allegations being made. Mr. Beauchamp is caught between continued representation and not wishing to be accused of acting in a way that compromises the company in any way, such as the loss of the attorney client privilege. Accordingly, whether this firm takes the lead or Clark Hill, the procedures for the review of the corporate records for attorney client privilege, the preparation of the privilege log and the delivery of disks that contain the responsive documents of the corporation to the subpoena is going to be followed and the expense thereof will be borne by the corporation – a fact to which you acknowledged in your conversation with David Beauchamp today.

We anticipate that the boxes containing the post-2011 documents will be delivered either late today or Monday. As I noted in my letter, we will do the review for privilege and arrange for the production as expeditiously as possible.

I trust this addresses the matters raised in your email.

We have had further discussions with Mr. Beauchamp about his conversation with you today about the appointment of a receiver. As my letter to you inferred, we fully expect that a receiver will be appointed. We wish that it would be otherwise since, in my experience, a receiver is both incredibly inefficient and expensive and in the final analysis of little benefit to the investors. But our client has neither the time, inclination nor experience to step into the role of active management. She recognizes that a receiver will be needed.

I understand that you asked David if the estate would stipulate to the appointment of a receiver if we had input into the appointment. Although we have not expressly discussed this with our client, we believe that the estate would be willing to enter into such a stipulation provided that receiver was one with whom the estate was comfortable. In that regard, I will tender to you a list of individuals early next week that I think would be acceptable to the estate.

Please let me know if you have any further questions.

**James F. Polese**

602.256.4499 Direct | 602.405.3807 Mobile  
[jpolese@qblaw.com](mailto:jpolese@qblaw.com)

---

**From:** Wendy Coy [<mailto:WC@azcc.gov>]  
**Sent:** Friday, August 12, 2016 12:31 PM  
**To:** James F. Polese; Kevin R. Merritt; 'dbeauchamp@clarkhill.com'  
**Cc:** 'shawnaseverest@gmail.com'; Gary Clapper  
**Subject:** RE: DenSco Investment Corporation

Mr. Polese, Mr. Merritt and Mr. Beauchamp --

Thank you for your correspondence. Mr. Polese you indicate that you have been retained by Ms. Heuer, the personal representative for the Estate of Denny J. Chittick, deceased. However, you fail to indicate if you also represent the entity, DenSco Investment Corporation. The subpoena was directed to the Custodian of Records for DenSco Investment Corporation. Please advise if you have been retained as DenSco's. If not, please notify me who represents DenSco.

Thank you.

**Wendy Coy**

Director of Enforcement  
Arizona Corporation Commission  
Securities Division  
1300 W. Washington, 3<sup>rd</sup> Floor  
Phoenix, Arizona 85007  
(602)542-0633

---

**From:** Patti Meloserdoff [<mailto:pmeloserdoff@gblaw.com>] **On Behalf Of** James F. Polese  
**Sent:** Friday, August 12, 2016 11:57 AM  
**To:** Wendy Coy <[WC@azcc.gov](mailto:WC@azcc.gov)>; Gary Clapper <[GRC@azcc.gov](mailto:GRC@azcc.gov)>  
**Cc:** James F. Polese <[jpolese@gblaw.com](mailto:jpolese@gblaw.com)>; 'shawnaseverest@gmail.com' <[shawnaseverest@gmail.com](mailto:shawnaseverest@gmail.com)>;  
'dbeauchamp@clarkhill.com' <[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com)>; Kevin R. Merritt <[KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)>  
**Subject:** DenSco Investment Corporation

Ms. Coy and Mr. Clapper, please see the attached letter from James Polese.

**Patti Meloserdoff**

Legal Assistant  
602.256.4480 Direct | [pmeloserdoff@gblaw.com](mailto:pmeloserdoff@gblaw.com)

**GAMMAGE & BURNHAM**

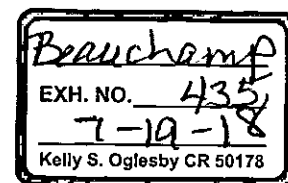
*World Class Counsel. Arizona Roots.*  
2 North Central Ave., 15th Floor | Phoenix, AZ 85004  
602.256.0566 | 602.256.4475 Fax | [www.gblaw.com](http://www.gblaw.com)

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# **Exhibit No. 175**

To: Beauchamp, David G.[DBeauchamp@ClarkHill.com]; Kevin R. Merritt[KMerritt@gblaw.com]  
From: James F. Polese  
Sent: Wed 8/17/2016 3:30:31 PM  
Subject: RE: POM-DenSco  
Dec Beauchamp.docx



David

Here is the draft of the declaration. Please review and make whatever changes you think appropriate.

**James F. Polese**

602.256.4499 Direct | 602.405.3807 Mobile  
[jpolese@gblaw.com](mailto:jpolese@gblaw.com)

---

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Wednesday, August 17, 2016 2:27 PM  
**To:** Kevin R. Merritt; James F. Polese  
**Subject:** POM-DenSco

Jim and Kevin:

Attached is the POM from July 2011 for DenSco. Please see the reference on page 30 under the Risk Factor Section, which indicates that Legal Counsel for DenSco represents the President and DenSco, but not the Investors.

Hope this helps.

Best, David

**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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James F. Polese, Esq. (Bar No. 003451)  
Christopher Herring, Esq., (Bar No. 028169)  
Gammage & Burnham, PLC  
2 North Central Avenue  
15<sup>th</sup> Floor  
Phoenix, Arizona 85004-4607  
[jpolese@gblaw.com](mailto:jpolese@gblaw.com)  
[cherring@gblaw.com](mailto:cherring@gblaw.com)

STATE OF ARIZONA  
MARICOPA COUNTY

ARIZON CORPORATION COMMISSION )	
Plaintiff, )	Case No.: CV2016-1014142
v. )	
DenSco Investment Corporation, )	Declaration of David Beauchamp
an Arizona corporation ))	
Defendant. )	(Assigned to the Honorable
)	Lori Bustamonte)

I make the following declaration under penalty of perjury:

1. I am an attorney licensed to practice in the State of Arizona since \_\_\_\_ and have continuously practiced law since that time.
2. Beginning in approximately 20\_\_, I was retained by Denny Chittick, the sole shareholder, President and director of DenSco Investment Corporation, an Arizona corporation. ("DenSco") in connection with the preparation of a securities offering for investors. To my knowledge he was the sole employee of DenSco.
3. Over the years, I have prepared, at Mr. Chittick's direction, several Private Offering Memoranda ("POMs") to be distributed to investors of DenSco in compliance with Arizona and federal security laws. In addition, I was retained to undertake the needed securities law filings. My engagement included numerous communications with Mr. Chittick concerning the POMs, the investments made pursuant to the POMs and recommendations for amended or additional POMs in keeping with the investments being made or contemplated by DenSco.

4. The POMs routinely stated that I was acting as counsel for not only DenSco but its president Mr. Chittick and was not the counsel for any investors who were all urged to seek separate legal counsel
5. During my involvement with Mr. Chittick and DenSco, I understood that Mr. Chittick considered that I was his counsel as well as counsel for DenSco.
6. I never had any disagreement with his understanding of my representation of both DenSco and him personally, even though all billings were tendered to and paid by DenSco.
7. In connection with my representation, it would be impossible for me to segregate what advice I tendered or what attorney-client communications were solely corporate only and what were personal to Mr. Chittick as the President of DenSco.
8. In late 2014 or 2015, I terminated my formal relationship with Mr. Chittick and DenSco although earlier in 2016 I was reengaged by Mr. Chittick and DenSco in connection with securities matters and was counsel to him and DenSco at the time of his death on July 28, 2016.

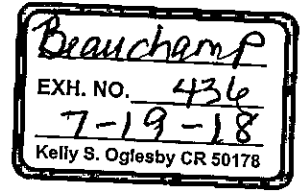
Dated this \_\_ date of August, 2016.

---

David Beauchamp

# **Exhibit No. 176**

**To:** James F. Polese (jpolese@gblaw.com)[jpolese@gblaw.com]; Kevin R. Merritt (kmerritt@gblaw.com)[kmerritt@gblaw.com]  
**Cc:** Sifferman, Mark S.[MSifferman@ClarkHill.com]  
**From:** Beauchamp, David G.  
**Sent:** Wed 8/17/2016 6:53:43 PM  
**Subject:** FW: Attached Image  
[1307\\_001.pdf](#)



Jim and Kevin:

Attached is the revised and signed Declaration.

Best regards, David

**David G. Beauchamp**

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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1 James F. Polese, Esq. (Bar No. 003451)  
2 Christopher Herring, Esq., (Bar No. 028169)  
3 Gammage & Burnham, PLC  
4 2 North Central Avenue  
5 15<sup>th</sup> Floor  
6 Phoenix, Arizona 85004-4607  
7 jpolese@gblaw.com  
8 cherring@gblaw.com

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

11 ARIZONA CORPORATION COMMISSION, No. CV2016-1014142

12 Plaintiff,

13 v.

14 DENSCO INVESTMENT CORPORATION,  
15 an Arizona corporation,

16 Defendant,

**DECLARATION OF DAVID G.  
BEAUCHAMP**

(Assigned to the Honorable Lori  
Bustamonte)

17  
18 I make the following declaration under penalty of perjury:

19 1. I am an attorney licensed to practice in the State of Arizona since 1981 and  
20 have continuously practiced law since that time.

21 2. Beginning in approximately 2003, I was retained by Denny Chittick, the  
22 sole shareholder, President and director of DenSco Investment Corporation, an Arizona  
23 corporation. ("DenSco") in connection with the preparation of a securities offering for  
24 investors. To my knowledge he was the sole employee of DenSco.

25 3. Over the years, I have prepared, at Mr. Chittick's direction, several Private  
26 Offering Memoranda ("POMs") to be distributed to investors of DenSco in compliance  
27 with Arizona and federal security laws. In addition, I was retained to undertake the  
28

1 needed securities law filings. My engagement included numerous communications with  
2 Mr. Chittick concerning the POMs and recommendations for amended or additional  
3 POMs in keeping with the investments being made or contemplated by DenSco.

4 4. The POMs routinely stated that I was acting as counsel for not only DenSco  
5 but its president Mr. Chittick and that I was not the counsel for any investors who were  
6 all urged to seek separate legal counsel.

7 5. During my involvement with Mr. Chittick and DenSco, I understood that  
8 Mr. Chittick considered that I was his counsel as well as counsel for DenSco, even  
9 though all billings were tendered to and paid by DenSco.

10 6. In connection with my representation, it would be impossible for me to  
11 segregate what advice I tendered or what attorney-client communications were solely  
12 corporate only and what were personal to Mr. Chittick as the President of DenSco.

13 7. In late 2014 or 2015, I ended my formal relationship with Mr. Chittick and  
14 DenSco. In late 2015 or early 2016, I was reengaged by Mr. Chittick and DenSco in  
15 connection with an audit by the Arizona Department of Financial Institutions which  
16 concerned whether Mr. Chittick was required to have a mortgage broker license. I was  
17 counsel to him and DenSco in this limited capacity at the time of his death on July 28,  
18 2016.

19  
20 I declare under penalty of perjury that the foregoing is true and correct.

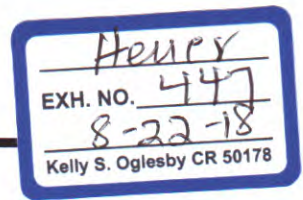
21 **EXECUTED** this 17<sup>th</sup> day of August 2016 at Scottsdale, Arizona.

22  
23 

24 David G. Beauchamp  
25  
26  
27  
28



# **Exhibit No. 177**



**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**

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**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@qblaw.com](mailto:KMerritt@qblaw.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](mailto:barryluchtel@gmail.com)>

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

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

**To:** Shawna <[2chittickboys2@gmail.com](mailto: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**

*License Information:*

*Company license / State - MB090754 Individual license / State - LO786719*

*Mortgage Capital & Investment LLC 7520 E Angus Dr. Scottsdale, AZ*

*Hines Realty / Licensed Real Estate Salesperson IA*

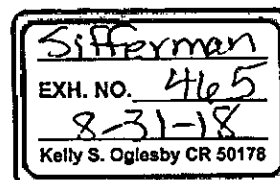
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# **Exhibit No. 178**

DenSco / Wild-  
Dna

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Monday, September 12, 2016 8:42 PM  
**To:** Kevin R. Merritt  
**Subject:** RE: DenSCO Investment Corp. - Missing Loan Files



Kevin:

I am tight for time, because I have to go meet with a client. Call my mobile and I might have to talk from my car. We just received some of the old files from storage and Bryan Cave is not releasing my old files for me to review and send to the Receiver. So the Receiver will have to reach out directly to Bryan Cave. I was not really waiting for you. I just received instructions on Friday from my firm's General Counsel.

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [<mailto:KMerritt@gblaw.com>]  
**Sent:** Monday, September 12, 2016 8:37 PM  
**To:** Beauchamp, David G.  
**Subject:** RE: DenSCO Investment Corp. - Missing Loan Files

David,

Can I call you in about 10 minutes to discuss? I was not aware you were waiting on anything from me.

Kevin

**Kevin R. Merritt**  
602.256.4481 Direct | [KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)

---

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Monday, September 12, 2016 6:40 PM  
**To:** Sara Beretta  
**Cc:** [WC@azcc.gov](mailto:WC@azcc.gov); [GRC@azcc.gov](mailto:GRC@azcc.gov); Peter Davis  
**Subject:** Re: DenSCO Investment Corp. - Missing Loan Files

Sara:

I will confirm which of DenSCO's loan files are in my office. The loan files I have are with the other files to be turned over to the Receiver as soon as the files are reviewed by Gammage & Burnham as requested by Kevin Merritt. My recollection is that this request was made consistent with the hand-written notation by the Judge in the Judge's order appointing the receiver. I will review and let you know which loan files I have and get them to you separately.

Sincerely, David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Sep 12, 2016, at 5:52 PM, Sara Beretta <[SBeretta@simonconsulting.net](mailto:SBeretta@simonconsulting.net)> wrote:

Dear Mr. Beauchamp:

We are missing 7 loan files. The ACC provided the attached receipt, which indicates that at least 6 of the 7 missing files (all except Loan 8031) were provided to you on August 15, 2016. I believe they were pulled from the ACC's files pending borrowers' requests for loan payoff statements. Do you know where they might have ended up? They are not in the active loan boxes received from the ACC, nor are they in the closed loan boxes received from your office.

<image001.png>

Thank you,

**Sara Beretta, CPA, CFE, CFI**  
3200 North Central Avenue • Suite 2460  
Phoenix, AZ 85012  
602.279.3185 (Direct) • 602.279.7510 (Fax)

<image004.png>

FORENSIC ACCOUNTING & ECONOMICS • RECEIVERSHIP • RESTRUCTURING

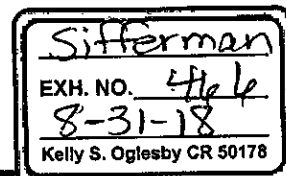
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PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING THIS EMAIL.

<2016.08.15 Receipt for delivery of 6 loan files from ACC to Beauchamp.pdf>

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# **Exhibit No. 179**



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Wednesday, September 14, 2016 11:45 AM  
**To:** Kevin R. Merritt  
**Subject:** RE: Densco Investment Corp. - Missing Loan Files

Kevin:

I did not receive your request. Based on the time of your other email (1:26 am), I thought you might have run out of energy.

I have been notified that I have a tentative conference call with Peter Davis at 4:00 today. He will probably have Ryan on the call with me to discuss why I have not yet sent over all of the files. So, if we could talk before then, that would be helpful.

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [mailto:KMerritt@gblaw.com]  
**Sent:** Wednesday, September 14, 2016 11:33 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Densco Investment Corp. - Missing Loan Files

FYI, I know you weren't trying to make me the fall guy. Let's talk this afternoon about how we proceed and what you are looking for. Did I remember to find and send you my original request? Afraid I may have gotten sidetracked.

Sent from my iPhone

On Sep 14, 2016, at 11:17 AM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Kevin:

When I sent this email, I thought that you did want to review the files and to make copies before the files were sent to the Receiver. I was not trying to make you the fall guy. I understand now that you want me to review the files and to make copies for you of what may be privileged. This requires me to expand my review of these files from what my firm had requested. (My firm had limited my review to the files concerning the update to the POM and to the Loan Workout file with Scott Menaged). I will expand my research and get back to you as soon as I can. Since you took care of the previous DenSco files, I will pay for the copies to be made of this file.

If possible, I would like to discuss with you if during your office's review of the DenSco files any documents were found that I should have in my back-up files. I had forwarded the DenSco files to your office before my General Counsel approved sending them. I have now been advised that I should have gone through them before sending them to you.

Have a safe trip.



Best regards, David  
David G. Beauchamp

**CLARK HILL PLC**

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1168 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [<mailto:KMerritt@qblaw.com>]  
**Sent:** Wednesday, September 14, 2016 1:17 AM  
**To:** Beauchamp, David G.  
**Subject:** RE: Densco Investment Corp. - Missing Loan Files

David – highlighted language below does sound a little bit like making me the fall guy. Isn't the reason really "as soon as I can have them reproduced so that my firm has a copy"?

Generally speaking, the loan files are not of interest, nor do they seem to contain privileged information. I'll send you my request on the legal files in a moment.

Best,

Kevin

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@qblaw.com](mailto:KMerritt@qblaw.com)

---

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Monday, September 12, 2016 6:40 PM  
**To:** Sara Beretta  
**Cc:** [WC@azcc.gov](mailto:WC@azcc.gov); [GRC@azcc.gov](mailto:GRC@azcc.gov); Peter Davis  
**Subject:** Re: Densco Investment Corp. - Missing Loan Files

Sara:

I will confirm which of DenSco's loan files are in my office. The loan files I have are with the other files to be turned over to the Receiver as soon as the files are reviewed by Gammage & Burnham as requested by Kevin Merritt. My recollection is that this request was made consistent with the handwritten notation by the Judge in the Judge's order appointing the receiver. I will review and let you know which loan files I have and get them to you separately.

Sincerely, David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Sep 12, 2016, at 5:52 PM, Sara Beretta <[SBeretta@simonconsulting.net](mailto:SBeretta@simonconsulting.net)> wrote:

Dear Mr. Beauchamp:

We are missing 7 loan files. The ACC provided the attached receipt, which indicates that at least 6 of the 7 missing files (all except Loan 8031) were provided to you on August 15, 2016. I believe they were pulled from the ACC's files pending borrowers' requests for loan payoff statements. Do you know where they might have ended up? They are not in the active loan boxes received from the ACC, nor are they in the closed loan boxes received from your office.

<image001.png>

Thank you,

**Sara Beretta, CPA, CFE, CFI**  
3200 North Central Avenue • Suite 2460  
Phoenix, AZ 85012  
602.279.3185 (Direct) • 602.279.7510 (Fax)

<image004.png>

FORENSIC ACCOUNTING & ECONOMICS • RECEIVERSHIP • RESTRUCTURING

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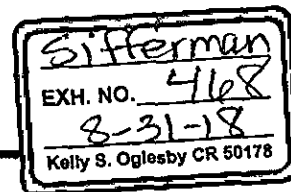
PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING THIS EMAIL.

<2016.08.15 Receipt for delivery of 6 loan files from ACC to Beauchamp.pdf>

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# **Exhibit No. 180**

**Beauchamp, David G.**



**From:** Kevin R. Merritt <KMerritt@gblaw.com>  
**Sent:** Friday, September 23, 2016 4:56 PM  
**To:** Beauchamp, David G.  
**Subject:** RE: Ryan Anderson

OK. I'm just going to say that I don't know what or how much you're going to copy, and leave the issue open. Meetings in Ohio?

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)

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**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Friday, September 23, 2016 4:54 PM  
**To:** Kevin R. Merritt  
**Subject:** RE: Ryan Anderson

Kevin:

We should wait on that until after my meetings on Monday and Tuesday in Ohio. I will try to get some clarification on that direction.

Thanks, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [<mailto:KMerritt@gblaw.com>]  
**Sent:** Friday, September 23, 2016 4:51 PM  
**To:** Beauchamp, David G.  
**Subject:** RE: Ryan Anderson

Am I at liberty to disclose that CH has determined not to preserve a copy of the complete files (without going into detail beyond that)? Or would you prefer I didn't say anything and just played dumb?

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)

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**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Friday, September 23, 2016 3:47 PM  
**To:** Kevin R. Merritt  
**Cc:** Sifferman, Mark S.  
**Subject:** RE: Ryan Anderson

Kevin:

I had expected to hear from Ryan after he talked to the Receiver, but I have not heard anything about the issues from my conversation with Ryan. With respect to your email, I am not sure that I am remembering Ryan's message to you from last Friday.

I just talked to Mark Sifferman, who is just back today after a couple of weeks in Italy. Mark does not want me to spend the money to digitize the files for the Receiver and he does not want me to spend the time to review all of the files for attorney-client information. He just wants me to review and make copies of the portions of the file that I need to protect against a securities claim against me and the firm. Since that is different than what you and I had discussed, I wanted to make sure that you knew what I am being told to do.

Sorry that Tony never called.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [<mailto:KMerritt@qblaw.com>]

**Sent:** Friday, September 23, 2016 3:30 PM

**To:** Beauchamp, David G.

**Subject:** Ryan Anderson

I need to give Ryan an answer to his message from last Friday. We have handled other matters with the same understanding as to the privilege of the Estate. Just wanted to give you a heads-up. Did anything develop further after your call was cancelled last Wednesday?

Also, never heard a peep from Tony.

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@qblaw.com](mailto:KMerritt@qblaw.com) | [Profile](#)

**GAMMAGE & BURNHAM**

*World Class Counsel. Arizona Roots.*

2 North Central Ave., 15th Floor | Phoenix, AZ 85004  
602.256.0566 | 602.256.4475 Fax | [www.qblaw.com](http://www.qblaw.com)

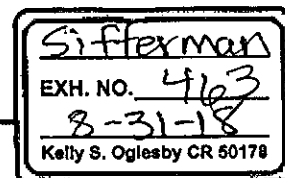
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# **Exhibit No. 181**

Message

**From:** Joanelle Campanaro [jcampanaro@gamlaw.com]  
**Sent:** 8/29/2016 3:35:17 PM  
**To:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**CC:** Ryan Anderson [randerson@gamlaw.com]  
**Subject:** Densco Receivership; Maricopa County Superior Court; Case No. CV2016-014142  
**Attachments:** Letter to Clark Hill demanding turnover of legal files.pdf



Dear Mr. Beauchamp,

Please see the attached letter from Mr. Anderson regarding the above-listed case. The original letter is being mailed to you today.

Please contact Mr. Anderson or me if you have any questions.

Thank you.

*Joanelle Campanaro*

Assistant to Ryan W. Anderson  
Guttila Murphy Anderson  
City North  
5415 E. High St., Suite 200  
Phoenix, AZ 85054  
(480) 304-8300  
(480) 304-8301 (facsimile)  
[jcampanaro@gamlaw.com](mailto:jcampanaro@gamlaw.com)  
[www.guttilamurphyanderson.com](http://www.guttilamurphyanderson.com)

**GUTTILLA MURPHY  
ANDERSON**

5415 E. HIGH STREET, SUITE 200  
PHOENIX, ARIZONA 85054  
(480) 304-8300  
FAX (480) 304-8301

Our No. 2359-001

August 29, 2016

**Sent via U.S. Mail and E-Mail**

David G. Beauchamp  
Clark Hill PLC  
14850 N. Scottsdale Rd  
Suite 500  
Scottsdale, AZ 85254  
*DBeauchamp@ClarkHill.com*

Re: *Densco Receivership*, Maricopa County Superior Court,  
Cause No. CV2016-014142

Dear David:

This firm represents Peter S. Davis who was appointed Receiver on August 18, 2016, in the above action pending in the Maricopa County Superior Court ("Receivership Court"). Enclosed for your information is a copy of the Order Appointing Receiver ("Receivership Order"). Under the Receivership Order, Peter Davis has been appointed receiver of Densco Investment Corporation ("DenSco"). The Receiver's initial investigation indicates that Clark Hill PLC ("your firm") previously represented DenSco.

As a result of the attorney-client relationship between your firm and DenSco, the Receiver is entitled to take possession of your firm's entire file concerning its representation of the DenSco including, but not limited to, all documents, drafts, correspondence, research, memoranda, pleadings, notes, and electronic media, which your firm assembled, produced, prepared, or had prepared for the benefit of, or concerning the DenSco during the course of that attorney-client relationship.

Under the Receivership Order, all of DenSco's officers, agents and attorneys, including your firm, have been ordered to promptly turn over to the Receiver "all books and records of any kind pertaining or belonging to the Receivership Defendant." Receivership Order at page 2, lines 10-16.

The authority granted to the Receiver by the Receivership Court is supported by an extensive body of law recognizing a receiver's right to exercise the privileges and property rights of the receivership entity. In the case of *In re American Continental Corp.*, 741 F. Supp. 1368 (D. Ariz. 1990), the United States District Court for the District of Arizona dealt with the question of whether the Resolution Trust Corporation ("RTC"), as Receiver for a defunct bank, was entitled to assert attorney-client privileges on behalf of the bank. Noting that the RTC had



David G. Beauchamp  
Clark Hill PLC  
8/29/2016  
Page 2

complete managerial control of the corporation as well as the power to pursue causes of action which could return assets to the corporation, the Court determined that the Receiver's functions approximated those of management and the Receiver thus had the sole right to assert the corporation's privileges. As such, the Court found that the RTC was the successor-in-interest to any attorney-client privileges between the former management and the attorneys. The *American Continental* Court based its holding on the United States Supreme Court's decision in *Commodity Futures Trading Commission v. Weintraub*, 471 U.S. 343 (1985). In *Weintraub*, the Court held that a trustee in bankruptcy controlled a Chapter 11 debtor-corporation's attorney-client privilege because the trustee's role closely resembled that of a solvent corporation's management. See also *United States v. Plache*, 913 F.2d 1375 (9th Cir. 1990). A trustee performs substantially similar functions as these performed by the receiver.

The following cases specifically discuss the client's absolute right to its attorney's files unimpeded by an assertion of attorney-client or work product privileges.

In the case of *In re Kaleidoscope, Inc.*, 15 B.R. 232 (N.D. Ga. 1981), rev'd on other grounds, 25 B.R. 729 (N.O. Ga. 1982), the District Court discussed the specific question of a trustee's right to the legal files produced by the defendant law firm in the course of its representation of the debtor. The court noted that the rights and powers of the trustee were co-extensive with the rights and powers which the debtor possessed with regard to the legal files during the course of the representation. The Court found that the legal file is the property of the client noting:

Regardless of whether the lawyers' efforts remain, as in simple matters, intangible thoughts in his head, or, in more complicated matters, take on tangible form as correspondence, memoranda, notes and the like, the fee which is charged by the lawyer, and paid by the client, is based upon the "fruits of the attorney's labor." That is what the client pays for and it is that to which he is entitled. Simply put, the client is entitled to the entire file of his attorney and to the contrary the attorney is not entitled to refuse to turn over that file or any portion thereof.

*Id.* at 240 (emphasis added). As to the firm's contention that the files were work product, the court found:

The doctrine of "work product" has no application to the situation in which a client, or the legal successor-interest to a former client, seeks to obtain documents and other tangible things created or amassed by a (sic) attorney during the course of that attorney's representation of that client.

*Id.* at 242 (emphasis added).

In *Spivey v. Zant*, 683 F.2d 881 (5th Cir. 1982), a habeas prisoner sought access to materials relating to his representation which were prepared by his former attorney. The attorney objected to the disclosure on the grounds that the information was protected work product. In allowing the client access the material, the Fifth Circuit held:

[The former lawyer's] contention that the requested materials were protected work product is without merit. The work product doctrine pertains to materials that are prepared by an attorney in preparation for litigation when the materials are sought by an adversary of the attorney's client. Fed.R.Civ.P. 26(b) (3) speaks

of “documents and tangible things . . . prepared in anticipation of litigation or for trial by or for another party or by or for that other party’s representative.” Thus, the work product doctrine does not apply the situation in which a client seeks access to documents or other tangible things created or amassed by his attorney during the course of the representation.

Id. at 885 (emphasis in original).

In *Hodges v. Southern Farm Bureau Casualty Ins. Co.*, 433 So. 2d 125 (La. 1983), the plaintiff sought access to the files (including correspondence between the attorney and the insurer) of the attorney who represented him as well as the insurer. The attorney claimed work product privilege in the material. The court held:

We see no reason to forbid the client, from discovering the work product of his own attorney within whom he placed his confidences and trust during the pendency of the claim. Surely, the policy underlying the opinion work product doctrine would not be served by such nondisclosure. An adversary is not intruding upon the privacy of the attorney; it is the client. Moreover, an insured is less likely to place his full confidence with the insurer’s attorney if the attorney’s complete file on the case is not available for his inspection.

Id. at 132.

In *In re Michigan Boiler and Engineering Co.*, 87 Bankr. 465 (Bankr. E.D. Mich. 1988), the trustee in bankruptcy sought certain documents from the files of the debtor’s attorneys. The attorneys claimed work product privilege in the materials. The court held:

The work product doctrine, when applicable, serves to protect disclosure to an adversary. It has no application in cases where a client “seeks to obtain documents and other tangible things created or amassed by an attorney during the course of the attorney’s representation of that client. In the instance of a legal file, the client has the right to the file. It is therefore “property” of the client, and upon his adjudication as a bankrupt, title passes to the Trustee. The work product doctrine would not have been available to the firm to deny the debtor access to the file prior to the filing of the bankruptcy case. Since the trustee succeeds to the debtor’s interest in the file, the work product doctrine is not available to the firm to deny the trustee access to the file.

Id. at 468 (citations omitted; emphasis added)

In *Roberts v. Heim*, 123 F.R.D. 614 (N.D. Cal. 1988), the court addressed the question of whether an attorney can assert work product privilege against his own client who demands access to review his entire file. The District court held:

It is difficult, if not impossible, to see how providing a client with his attorney’s work product, which has been created by his attorney and for his benefit and not that of the attorney, would in any way run afoul of the public policy in favor of work-product privilege.

Id. at 634.

David G. Beauchamp  
Clark Hill PLC  
8/29/2016  
Page 4

In *Resolution Trust Corp. v H. ... , P.C.*, 128 F.R.D. 647 (N.D. Tex. 1989), the RTC was the conservator for a defunct savings and loan. Prior to its closing, the savings and loan had retained the defendant law firm to handle most of its real estate transactions. At issue was the ownership of files generated by the firm during its representation of the savings and loan. The District Court held that the entire contents of the file belonged to the plaintiff RTC. Although both parties acknowledged the "virtually universal practice of former attorneys transferring the entire client file to new counsel," the defendants attempted to distinguish turning the entire file over to new counsel from turning it over to the client. The court found that to make such a distinction "would fundamentally undermine the open and trusting nature of the attorney-client relationship by building a wall between the client and the attorney behind which an attorney could protect himself and his dealings from scrutiny." *Id.* at 647.

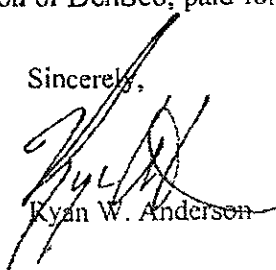
Finally, the court concluded that both the attorney-client privilege and the work product privilege were inapplicable as both privileges belong to the client and that the work product privilege covers only those materials prepared in anticipation of litigation. In conclusion, the Court held:

An attorney is hired to represent the interests of his client, and every service provided by the attorney, including the creation of legal memoranda and the attorney's notes and the copying of documents, is paid for by the client. To allow the attorney to decide which materials may or may not be revealed to the client from its own files would deny the client the full benefit of the services for which he paid, often dearly. Even more important, giving such a power to an attorney would fundamentally undermine the fiduciary nature of the relationship between an attorney and a client. Such an alteration is unwarranted and untenable.

*Id.* at 650.

The above-cited cases demonstrate that the Receiver, as the legal successor-in-interest to the DenSco, is entitled to assert the right of DenSco to the entire contents of your firm's attorneys' files relating to the representation of DenSco, paid for directly by the DenSco or by others.

Sincerely,



Ryan W. Anderson

RWA:ca  
Enclosure  
cc: Peter S. Davis, Receiver

256338

CH\_0008058

FILED  
8/13/2016 3:00pm  
MICHAEL J. JEANES, CLERK  
By M.J. Patrick  
M.J. Patrick, Deputy

1 ARIZONA CORPORATION COMMISSION  
2 Wendy Coy, #013195  
3 1300 West Washington, 3<sup>rd</sup> Floor  
4 Phoenix, Arizona 85007  
5 Attorney for Plaintiff  
6 Telephone: (602) 542-0633  
7 wcoy@azcc.gov

8 STATE OF ARIZONA

9 MARICOPA COUNTY SUPERIOR COURT

10 ARIZONA CORPORATION COMMISSION

11 Plaintiff

12 v.

13 DENSCO INVESTMENT CORPORATION, an  
14 Arizona corporation

15 Defendant.

No. CV 2016-014142

ORDER APPOINTING RECEIVER

16 Plaintiff the Arizona Corporation Commission ("ACC") having filed a Verified Complaint  
17 and an Application for Appointment of a Receiver for the Defendant hereto (collectively  
18 "Receivership Defendant"), the Court finds, based upon the papers filed by the ACC, that this  
19 Order Appointing Receiver is both necessary and appropriate in order to prevent waste and  
20 dissipation of the assets of the Receivership Defendant to the detriment of investors.

21 IT IS THEREFORE ORDERED:

22 1. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,  
23 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever  
24 kind and description, wherever situated, of the Receivership Defendant, (hereinafter, "Receivership  
25 Assets").  
26



1 interfering with the operation of the Receivership or in any way disturbing the Receivership Assets  
2 and from filing or prosecuting any actions or proceedings which involve the Receiver or which  
3 affect the Receivership Assets, specifically including any proceeding initiated pursuant to the  
4 United States Bankruptcy Code, except with the prior permission of this Court. Any actions so  
5 authorized to determine disputes relating to Receivership Assets shall be filed in this Court.

6       6. Defendant and its officers, agents, servants, employees, attorneys, and all persons in  
7 active concert or participation with it, is hereby restrained and enjoined from directly or indirectly  
8 destroying, secreting, defacing, transferring or otherwise altering or disposing of any documents of  
9 the Defendant, including, but not limited to, books, records, accounts, writings, drawings, graphs,  
10 charts, photographs, audio and video recordings, computer records and other data compilations,  
11 electronically stored records, or any other papers of any kind or nature. Defendant is also restrained  
12 and enjoined from excusing debts owed to the Defendant or transferring, receiving, altering selling,  
13 encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned,  
14 controlled, or in the possession or custody of, or in which an interest is held or claimed by, the  
15 Receivership Defendant, or the Receiver.

16       7. All banks, broker-dealers, savings and loans, escrow agents, title companies,  
17 commodity trading companies, or other financial institutions shall cooperate with all reasonable  
18 requests of the Receiver relating to implementation of this Order, including transferring funds at  
19 his direction and producing records related to the assets of the Receivership Defendant.

20       8. The Receiver is hereby authorized to make appropriate notification to the United  
21 States Postal Service to forward delivery of any mail addressed to the Receivership Defendant, any  
22 company or entity under the direction or control of any of the Receivership Defendant, to any Post  
23 Office box or other mail depository, to himself. Further, the Receiver is hereby authorized to open  
24 and inspect all such mail, to determine the location or identity of assets or the existence and amount  
25 of claims.  
26

1           9.     The Receiver is hereby authorized to open one or more bank accounts with financial  
2 institutions insured by an agency of the United States. The Receiver shall deposit all Receivership  
3 Assets in such designated accounts and shall make all payments and disbursements from the  
4 Receivership Assets from such accounts. The Receiver shall be responsible, to the best of his  
5 ability, to collect and allocate the loan proceeds, both principal and interest, and to make land  
6 payments to the lenders.

7           10.    The Receiver is hereby authorized to make such ordinary and necessary payments,  
8 distributions, and disbursements as he deems advisable or proper for the marshaling, maintenance  
9 or preservation of the Receivership Assets. The Receiver shall have the authority to contact and  
10 negotiate with any creditors of the Receivership Defendant, for the purpose of compromising or  
11 settling any claim. To this purpose, in those instances in which Receivership Assets serve as  
12 collateral to secured creditors, the Receiver may surrender such assets to secured creditors, and  
13 shall have the authority to make such surrender conditional upon the waiver of any deficiency of  
14 collateral. Furthermore, the Receiver is authorized to renew, cancel, terminate, or otherwise adjust  
15 any pending lease agreements to which the Receivership Defendant are a party.

16           11.    The Receiver is hereby directed to prevent the inequitable distribution of assets and  
17 determine, adjust, and protect the interests of persons with an interest in or claim against the  
18 Receivership Assets.

19           12.    The Receiver is hereby directed to file with this Court and serve upon the parties,  
20 within 30 days after entry of this Order, a preliminary report setting out the identity, location and  
21 value of the Receivership Assets, and any liabilities pertaining thereto. Further, at the time the  
22 Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his  
23 initial investigation, claims against Defendant, should be adjudged in the Bankruptcy Court. After  
24 providing the parties an opportunity to be heard, this Court will determine whether to accept the  
25 Receiver's recommendation and, if appropriate, issue an order authorizing the Receiver to  
26 commence a bankruptcy proceeding.

1           13.    Except by leave of this Court, during pendency of the Receivership ordered herein,  
2 the Defendant, and all other persons and entities be and hereby are stayed from taking any action to  
3 establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any  
4 of the Receivership Defendant, any of their subsidiaries, affiliates, partnerships, assets, documents,  
5 or the Receiver or the Receiver's duly authorized agents acting in their capacities as such,  
6 including, but not limited to, the following actions:

- 7           a.    Commencing, prosecuting, continuing, entering, or enforcing any suit or  
8                proceeding, except that such actions may be filed to toll any applicable statute of  
9                limitations;
- 10          b.    Accelerating the due date of any obligation or claimed obligation; filing or  
11                enforcing any lien; taking or attempting to take possession, custody, or control of  
12                any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any  
13                asset, whether such acts are part of a judicial proceeding, are acts of self-help, or  
14                otherwise;
- 15          c.    Executing, issuing, serving, or causing the execution, issuance or service of, any  
16                legal process, including, but not limited to, attachments, garnishments, subpoenas,  
17                writs of replevin, writs of execution, or any other form of process whether specified  
18                in this Order or not; or
- 19          d.    Doing any act or thing whatsoever to interfere with the Receiver taking custody,  
20                control, possession, or management of the assets or documents subject to this  
21                receivership, or to harass or interfere with the Receiver in any way, or to interfere in  
22                any manner with the exclusive jurisdiction of this Court over the assets or  
23                documents of the Receivership Defendant.

24           14.    Except as otherwise provided in this Order, all persons and entities in need of  
25 documentation from the Receiver shall in all instances first attempt to secure such information by  
26 submitting a formal written request to the Receiver, and, if such request has not been responded to



1 within fifteen (15) days of receipt by the Receiver, any such person or entity may thereafter seek an  
2 Order of this Court with regard to the relief requested.

3 15. The Receivership Defendant will have access to the business records, including  
4 copies of computer records, of the Receivership Defendant upon twenty-four (24) hour notice to  
5 the Receiver and under the receivers' supervision. The Receivership Defendant will not remove the  
6 business records from the Receiver.

7 16. The Receiver is hereby authorized to employ such employees, accountants, and  
8 attorneys as are necessary and proper for the collection, preservation and maintenance of the  
9 Receivership Assets.

10 17. The Receiver is hereby authorized and directed to receive and collect any and all  
11 sums of money due or owing to the Receivership Defendant, whether the same are now due or shall  
12 hereafter become due and payable, and is authorized to incur such reasonable expenses and make  
13 such disbursements as are necessary and proper for the collection, preservation, maintenance and  
14 operation of the Receivership Assets. The Receiver shall be authorized to compromise or adjust  
15 obligations which may be owed to the Receivership Estate. The Receiver shall seek and obtain the  
16 approval of the Court for any proposed compromise or settlement. Court approval may be sought  
17 on an expedited basis.

18 18. The Receiver is authorized to liquidate Receivership Assets, as may in his discretion  
19 be advisable. The Receiver shall first seek and obtain the approval of this Court for the proposed  
20 sale. Court approval may be sought on an expedited basis.

21 19. The Receiver is hereby authorized to institute, defend, compromise or adjust such  
22 actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his  
23 discretion be advisable or proper for the protection of the Receivership Assets or proceeds  
24 therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or  
25 federal court as may in his judgment be necessary or proper for the collection, preservation and  
26 maintenance of the Receivership Assets.

1           20.    The Receiver is hereby authorized to institute such actions or proceedings to impose  
2 a constructive trust, obtain possession and/or recover judgment with respect to persons or entities  
3 who received assets or funds traceable to investor monies. All such actions shall be filed in this  
4 Court.

5           21.    The Receiver shall be authorized, after notice and hearing, to seek Court approval  
6 for the amendment of the Receivership Order to include additional parties to the pending litigation.

7           22.    Upon the request of the Receiver, any peace officer of this State is authorized and  
8 directed to assist the Receiver in carrying out his duties to take possession, custody or control of, or  
9 identify the location of, any Receivership Assets. The Receiver is authorized to remove any person  
10 from any premises or real estate constituting a Receivership Asset that attempts to interfere with  
11 the Receiver, his attorneys or agents in the performance of their duties. The Receiver is further  
12 authorized to change any locks or other security mechanisms with respect to any premises or other  
13 assets that constitute Receivership Assets.

14           23.    The Receiver shall keep the ACC and the Receivership Defendant apprised at  
15 reasonable intervals of developments concerning the operation of the receivership, and shall  
16 provide to the ACC upon request any documents under the control of the Receiver.

17           24.    The Receiver shall seek and obtain the approval of this Court prior to disbursement  
18 of professional fees and expenses to himself or counsel, by presentation of a written application  
19 therefor and after consultation with the ACC or in accordance with further order of the Court. All  
20 costs incurred by the Receiver shall be paid from the Receivership Assets.

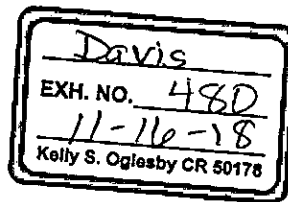
21           IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all  
22 purposes. The Receiver is hereby authorized, empowered and directed to apply to this Court, with  
23 notice to the ACC and Defendant, for issuance of such other orders as may be necessary and  
24 appropriate in order to carry out the mandate of this Court.

25           It is further ordered the Receiver may not waive  
26 the attorney-client privilege as to Chittick's communications  
with Beauchamp without the Estate's consent. The  
Receiver must obtain court approval before waiving  
the privilege as to Denso if the Estate does not consent  
to the waiver.

1 IT IS FURTHER ORDERED that this Order will remain in effect until modified by further  
2 order of this Court.

3 DATED this 18<sup>th</sup> day of August, 2016.  
4 Lori Horn Bustamante  
5 Honorable Lori Horn Bustamante  
6 Judge of the Superior Court  
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26

# **Exhibit No. 182**



MICHAEL K. JEANES CLERK  
DEP  
BY *T. Shepardon*  
T SHEPARDSON, FILED

2016 DEC -9 PM 4:35

1 GUTTILLA MURPHY ANDERSON, P.C.

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2 Alisan M. B. Patten (Ariz. 009795)

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4 Phone: (480) 304-8300

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5 Attorneys for Receiver

6 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

7 IN AND FOR THE COUNTY OF MARICOPA

8  
9 In the Matter of the Estate of

Cause No. PB 2016-051754

10 DENNY J. CHITTICK,

11 Deceased.

NOTICE OF CLAIM AGAINST ESTATE OF  
DENNY J. CHITTICK

(Assigned to Commissioner Andrew  
Russell)

12  
13  
14 1. The Claimant is Peter S. Davis in his capacity as court appointed Receiver of DenSco  
15 Investment Corporation ("DenSco") in *Arizona Corporation Commission v. DenSco Investment*  
16 *Corporation, an Arizona corporation*, Maricopa County Superior Court, case No. CV2016-014142  
17 ("Receiver").

18 2. The Estate of Denny J. Chittick is indebted to the Receiver in the amount of  
19 \$46,811,635.54 as detailed in paragraph 3 below.

20 3. The Receiver's claims against Estate of Denny J. Chittick are as follows:

21 A. At all material times, Chittick was the sole owner, officer, employee and  
shareholder of DenSco. From and after November 27, 2013, Chittick was aware that DenSco had  
been defrauded. At that point DenSco was insolvent, or would soon be insolvent, or was, or would

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1 become, unable to pay its debts as they became due. On or about December 31, 2014, Chittick  
2 transferred all of the funds in his DenSco 401(k) Plan (\$359,609.00) and transferred it to a new  
3 account at Vanguard. Likewise, on or about December 31, 2014, Chittick transferred all of the funds  
4 from the DenSco Defined Benefit Plan (\$1,817,243.03) to a certificate of deposit at an FDIC insured  
5 bank. Additionally, on or about December 31, 2014, Chittick's caused DenSco to convert  
6 \$1,448,460.49 from his personal investment in DenSco, into DenSco stock in Chittick's name, as a  
7 book entry.

8 I. CHITTICK'S PERSONAL INVESTMENT ACCOUNT

9 On December 31, 2014, Chittick converted \$1,448,460.49 from his personal investment in  
10 DenSco into DenSco stock. Between January 29, 2015 and June 28, 2016, Chittick caused DenSco to  
11 make "distributions" to Chittick, in the total sum of \$555,000.00 (cash), which were funded by a  
12 corresponding liquidation of Chittick's shares of DenSco stock. In other words, Chittick caused  
13 DenSco to redeem Chittick's shares of DenSco stock for a total amount of \$555,000.00, during a time  
14 period when the true value of the shares of stock would have been worthless, or nearly worthless,  
15 given that DenSco had been defrauded out of millions of dollars and was insolvent or would soon be  
16 insolvent, or was, or would become, unable to pay its debts as they became due.

17 Additionally, Chittick caused DenSco to transfer \$120,000 (cash) as "distributions," to  
18 Chittick, between January 31, 2014 and December 26, 2014. These "distributions" were in addition to  
19 the annual wages Chittick was paid by DenSco and were made at a time that DenSco was insolvent,  
20 or would soon be insolvent, or was, or would become, unable to pay its debts as they became due.

21 Last, Chittick caused DenSco to transfer \$11,963.90 as "wages" to Chittick's minor children.  
These funds may have been deposited into an IRA account for the benefit of the children.

1                   II. CHITTICK'S 401(K) PLAN.

2           On or about December 31, 2014, Chittick caused, or directed, the transfer of all funds in his  
3 401(k) Plan from DenSco into a 401(k) plan at Vanguard in Chittick's name. At this time, the funds  
4 in the 401(k) Plan had been invested in DenSco, so the true value of the 401(k) investment was  
5 worthless or nearly worthless. Still, Chittick transferred \$359,609.00 as "funds of the plan" to the  
6 new account at Vanguard. Even if the value of the 401(k) plan was worth \$359,609.00 at the time of  
7 its transfer, \$121,799.71 belonged to DenSco. These funds include \$84,800.00 from transfers made to  
8 the 401(k) plan which Chittick characterized as "wages," but in reality were a type of distribution  
9 from DenSco to Chittick, from and after December 23, 2013. Additionally, the \$121,799.71 includes  
10 \$36,999.71 in interest that accrued on the 401(k) Plan's investor balance after November 27, 2013, on  
11 the date that Chittick became aware of the fraud committed against DenSco by Menaged. These  
12 transfers left DenSco with even less money to pay its creditors, at a time when it already was  
13 insolvent, or would soon be insolvent, or was, or would become, unable to pay its debts as they  
14 became due.

15                   III. CHITTICK'S DEFINED BENEFIT PLAN

16           Chittick participated in a Defined Benefit Pension Plan at DenSco. All of the funds in this  
17 account were invested in DenSco. On or about December 24, 2014, Chittick caused the liquidation of  
18 all "funds" in the Defined Benefit Pension Plan at DenSco and directed the transfer of the liquidated  
19 funds to a secure investment in the form of a certificate of deposit at an FDIC insured bank. The  
20 actual value of the investment in the Defined Benefit Pension Plan was worthless, or nearly  
21 worthless. Still, Chittick transferred \$1,817,243.03 out of the Defined Benefit Plan into the  
certificate of deposit. Even if the value of the investment in the Defined Benefit Plan was  
\$1,817,243.03 at the time of its transfer, \$867,289.00 of these funds were the property of DenSco

1 because \$867,289.00 was transferred to the Defined Benefit Plan as a type of distribution for Chittick  
2 over and above his annual wages, plus \$9,405.49 in interest that accrued on the Defined Benefit  
3 Pension Plan's investor balance, after November 27, 2013, or the date that Chittick became aware of  
4 the fraud committed against DenSco by Menaged. The \$1,817,243.03 is funds belonging to DenSco.  
5 Even if the value of the Defined Benefit Pension Plan was truly worth \$1,817,243.03 on the date of  
6 its transfer, at least \$876,694.49 of those funds belongs to DenSco. These transfers left DenSco with  
7 even less money to pay its creditors, at a time when it already was insolvent, or would soon be  
8 insolvent, or was, or would become, unable to pay its debts as they became due.

9           Claims: As a result of the foregoing actions by Chittick, the Receiver has the  
10 following claims against Chittick: Conversion, common law fraud, breach of fiduciary duty as  
11 director and officer of DenSco, fraudulent transfer (both actual and constructive) pursuant to A.R.S.  
12 §§ 44-1004 et seq., unjust enrichment, or, alternatively, gross negligence or negligence as an officer  
13 or director of DenSco.

14           B. Chittick was the sole owner, officer, employee and shareholder of DenSco. Chittick  
15 transferred funds in the form of purported secured loans from DenSco to Yomtov Scott Menaged or  
16 his related entities as an investment of the cash assets of DenSco. Menaged was to sign a Promissory  
17 Note for the monies loaned to him from DenSco, purchase real property with the lent funds, and sign  
18 a first position Deed of Trust, or mortgage, with DenSco as a beneficiary on the real property  
19 purchased by Menaged or his related entities. All DenSco monies loaned to Menaged were to be  
20 repaid by Menaged with interest. If a default occurred, DenSco's first priority secured interest in the  
21 real property purchased by Menaged was intended to protect DenSco's loans. However, Menaged  
defrauded DenSco by taking advantage of DenSco's lending practices and in numerous instances,



1 DenSco's loans to Menaged or his related entities were not secured with a first position deed of trust  
2 or Menaged failed to even purchase any real property the proceeds of the DenSco loans to Menaged.

3 To date, the Receiver has identified 91 remaining DenSco loans to Menaged, or his related  
4 entities, totaling \$43,947,819.61. From these 91 loans, it appears that only 6 real properties were  
5 actually purchased by Menaged or his related entities, however, these properties are not secured by a  
6 1<sup>st</sup> position lien in favor of DenSco. The Receiver has determined that of the \$43,947,819.61 that was  
7 lent to Menaged or his related entities, \$14,339,339.79 was advanced to Menaged under a  
8 forbearance agreement to purportedly ensure DenSco had first position liens on property previously  
9 purchased by Menaged with previous DenSco loans, and \$28,122,300.00 appears to represent  
10 unsecured loans to Menaged. It is not yet known what Menaged has done with the \$28,122,300.00  
11 of DenSco funds. Menaged filed for Chapter 7 bankruptcy relief on April 20, 2016.

12 Chittick failed to institute or follow proper management and control of DenSco's business  
13 operations which enabled and contributed to the fraud committed against DenSco by Menaged.  
14 Chittick was aware of the fraud committed against DenSco, by Menaged, at least by November 27,  
15 2013. Despite his actual knowledge of the fraud by Menaged, Chittick continued to accept monies  
16 for investors into DenSco, and continued to make loans to Menaged and his related entities, adding to  
17 the liabilities of DenSco which could not be met. Chittick's failure to provide proper management  
18 and control of DenSco's operations also included the preparation of false, or inaccurate financial  
19 records of DenSco, upon which the tax liability of DenSco was based, resulting in artificially inflated  
20 tax liabilities of DenSco. The tax liability of DenSco was borne by Chittick since DenSco was  
21 treated as an S corp for tax purposes. However, DenSco presumably would reimburse Chittick for the  
tax liability he paid related to DenSco's income in the form of draws and/or payroll. Therefore, to  
the extent that DenSco transferred funds, or other value, to Chittick that was based upon an

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1 artificially inflated tax liability of DenSco, DenSco was harmed in an amount to be determined, in  
2 addition to the loss of the \$43,947,819.61, earlier discussed.

3 Claims: As a result of the foregoing actions by Chittick, the Receiver has the following  
4 claims against Chittick: common law fraud, misrepresentation, breach of fiduciary duty as director  
5 and officer of DenSco, fraudulent transfer (both actual and constructive) pursuant to A.R.S. §§ 44-  
6 1004 et seq., aiding and abetting Yomtov Scott Menaged in his torts against DenSco, unjust  
7 enrichment, or, alternatively, gross negligence or negligence as an officer or director of DenSco.

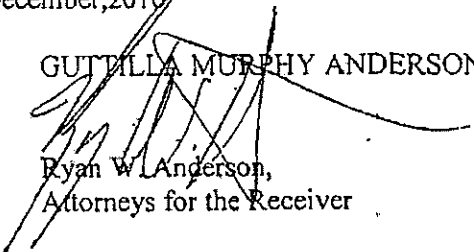
8 4. Given the complexity of the issues surrounding DenSco and the Receiver's ongoing  
9 investigations into DenSco and its business operations, the Receiver believes further discovery into  
10 the actions or omissions of Chittick may expose additional potential claims and/or monetary damages  
11 against Estate of Denny J. Chittick. Accordingly, the Receiver may amend this Notice of Claim if and  
12 when new information is discovered.

13 5. The Receiver's claims against the Estate of Denny J. Chittick are unsecured.

14 6. The Receiver shall mail a copy of the Notice of Claim against Estate of Denny J.  
15 Chittick to the Personal Representative.

16 DATED this 9th day of December, 2016

17 GUTTILLA MURPHY ANDERSON, P.C.

18   
19 Ryan W. Anderson,  
Attorneys for the Receiver

20 Original of the foregoing filed  
21 this 9th day of December, 2016, with:

Clerk of the Maricopa County Superior Court

Gutilla Murphy Anderson, P.C.  
5415 E. 11th Street, Suite 200  
Phoenix, AZ 85034  
(602) 544-6307

1 Copy of the foregoing hand-delivered this  
2 9th day of December, 2016 to:

3 Commissioner Andrew Russell  
4 Maricopa County Superior Court  
5 Northeast Regional Center  
6 18380 N. 40<sup>th</sup> Street  
7 Phoenix, Arizona 85032

8 Copy of the foregoing mailed this  
9 this 9th day of December, 2016 to:

10 Clark Hill, PLC  
11 Darra Lynn Rayndon  
12 Michelle M. Tran  
13 14850 N. Scottsdale Road  
14 Suite 500  
15 Scottsdale, Arizona 85254  
16 Attorneys for Shawna C. Heuer, Personal Representative  
17 of the Estate of Denny J. Chittick, Deceased

18 James F. Polese  
19 Christopher L. Hering  
20 Gammage & Burnham, P.L.C.  
21 Two North Central Avenue  
15<sup>th</sup> Floor  
Phoenix, Arizona 85004  
Attorneys for the Estate of Denny Chittick, Deceased  
And Densco Investment Corporation

Scott A. Swinson, Esq.  
2400 E. Arizona Biltmore Circle, Suite 1300  
Phoenix, AZ 85016  
Attorney for Robert Brinkman Family Trust

Peter S. Davis, Receiver of Densco Investment Corporation  
3200 North Central Avenue  
Suite 2460  
Phoenix, Arizona 85014

By: 

# **Exhibit No. 183**

FILED  
10/10/17 9:44a.m.  
MICHAEL K. JEANES, CLERK  
By A. Durda  
A. Durda, Deputy

**Guttilla Murphy Anderson, P.C.**

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Attorneys for the Receiver

IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

ARIZONA CORPORATION  
COMMISSION,

Plaintiff,

v.

DENSCO INVESTMENT  
CORPORATION, an Arizona  
corporation,

Defendant.

Cause No. CV2016-014142


ORDER RE: PETITION NO. 35

(Assigned to Judge Teresa Sanders)

The Receiver having filed *Petition No. 35 Ex Parte Petition Seeking Approval for Receiver to File Complaint Against Clark Hill PLC and David Beauchamp*, and the Court having considered same, and it appearing to the Court that the matters requested by Petition No. 35 are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED authorizing the Receiver to file a complaint and prosecute civil litigation against Clark Hill PLC and David Beauchamp.

Dated this 9<sup>th</sup> day of Oct, 2017.

  
Honorable Teresa Sanders

# **Exhibit No. 184**

1 **GUTTILLA MURPHY ANDERSON**

2 **Ryan W. Anderson** (Ariz. No. 020974)

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4 Phoenix, Arizona 85054

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6 Phone: (480) 304-8300

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8 Attorneys for the Receiver

9  
10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

11 IN AND FOR MARICOPA COUNTY

12 ARIZONA CORPORATION  
13 COMMISSION,

14 Plaintiff,

15 v.

16 DENSCO INVESTMENT  
17 CORPORATION, an Arizona  
18 corporation,

19 Defendant.

Cause No. CV2016-014142

PETITION NO. 37

PETITION FOR APPROVAL OF  
RECEIVER'S FINAL  
RECOMMENDATIONS APPROVING  
CLAIMS IN DENSCO RECEIVERSHIP

(Assigned to the Honorable Teresa  
Sanders)

20 Peter S. Davis, as the court appointed Receiver of DenSco Investment Corporation  
21 ("Receiver"), respectfully petitions the Court to approve the Receiver's final  
recommendations regarding the creditor claims in the DenSco Receivership and approve the  
DenSco Investment Corporation creditor claims as follows:

I. OVERVIEW OF DENSCO CLAIMS PROCESS

1. On March 28, 2017, the Court entered its *Order Re: Petition No. 19: Order  
Establishing Procedures for the Adjudication of Claims* ("Claims Order") which, among

1 other things, established the procedures for the solicitation and adjudication of creditor claims  
2 against DenSco Investment Corporation ("DenSco").

3       2. Pursuant to the Claims Order, the Court established the claims bar date of June  
4 30, 2017 ("Bar Date"), and certain requirements for the notification of the DenSco claims  
5 process to potential DenSco claimants. In furtherance of the Claims Order, on April 18,  
6 2017, the Receiver caused to be mailed to all potential DenSco claimants a copy of the  
7 Claims Order, a proof of claim form and a notice describing the DenSco claims process  
8 including the Bar Date.

9       3. Pursuant to the Claims Order, the Receiver caused the publication of the  
10 DenSco claims process and Bar Date in a publication with national circulation [the USA  
11 Today] and a publication with a circulation in Arizona [the Arizona Business Gazette].

12       4. As of the Bar Date, the Receiver received a total of one hundred and nineteen  
13 (119) claims, with all one hundred and thirteen (113) known DenSco investors having filed  
14 timely claims. To date, no late claims have been received by the Receiver since the expiration  
15 of the Bar Date.

16       3. Thereafter, in accordance with the paragraph 7.1 of the Claims Order, the  
17 Receiver published a list of the submitted claims on the receivership website located at  
18 [www.denscoinvestment.com](http://www.denscoinvestment.com) and mailed a copy of the claims list to all persons who  
19 submitted a claim to the Receiver.  
20  
21



1           4.     On August 1, 2017, in accordance with paragraph 7.2 of the Claims Order, the  
2 Receiver prepared and filed with the Court his *Receiver's Claims Report and*  
3 *Recommendations* ("Claims Report").

4           5.     Thereafter, in accordance with paragraphs 7.3 and 7.4 of the Claims Order, the  
5 Receiver caused a copy of the Claims Report to be posted on the receivership website located  
6 at [www.denscoinvestment.com](http://www.denscoinvestment.com) and mailed a copy of the Claims Report to each claimant. The  
7 Claims Report was also served on all persons on the Master Service List in the DenSco  
8 Receivership.

9           6.     Pursuant to paragraph 7.6 of the Claims Order, any objections to the Claims  
10 Report were to be submitted, in writing, to the Receiver on or before August 30, 2017.

11          7.     As set forth in more detail below, the Receiver received one objection to the  
12 Claims Report.

13          8.     Pursuant to paragraph 7.7 of the Claims Order, the Receiver has prepared and  
14 filed this Petition setting forth the Receiver's final recommendations on the DenSco creditor  
15 claims together with a copy of all objections to the Claims Report.

16          9.     The Receiver now seeks an Order of this Court establishing the approved  
17 creditor claimants, the respective amounts of their approved claim and denying certain  
18 creditor claims, as set forth below.

19               II.     RECEIVER'S RECOMMENDATIONS AS TO DENSCO INVESTOR CLAIMS

20          9.     As set forth above, a total of one hundred and nineteen claims (119) were  
21 submitted to the Receiver, however, the vast majority consisted of one hundred and thirteen

1 (113) claims filed by DenSco investors. Accordingly, while the Receiver does not intend to  
2 treat the DenSco investor claims preferentially, to avoid confusion, the Receiver intends to  
3 address the investor and non-investor claims separately in this Petition.

4 10. With respect to DenSco investor claims, the Claims Order required that no  
5 interest that is accrued on or after the date of the establishment of the Receivership will be  
6 allowed in any investor claim and that the Receiver is obligated to reduce a DenSco  
7 investor's claim by any amount of funds that a DenSco investor may receive, at any time,  
8 from a third party arising out of the investors investments with DenSco.

9 11. Attached as Exhibit "A" is the Receiver's Recommendations as to the DenSco  
10 Investor Claims. As set forth on Exhibit "A" and below, certain investor claims have been  
11 approved as filed and as "modified". In short, and as detailed in the Claims Report, some  
12 investor's claims had minor rounding errors, included fictitious interest, were subject to  
13 offsets or required other adjustments as discussed in detail in the Claims Report.

14 12. Pursuant to the requirements under the Claims Order, all DenSco investors were  
15 notified of the Receiver's specific objections to their respective claims. Despite DenSco  
16 investors having an opportunity to submit written objections to the Receiver's  
17 recommendations as to their or any other DenSco investor claim, no DenSco investors did so.  
18 Accordingly, the Receiver recommends that the following DenSco investors be awarded  
19 approved creditor claims in the DenSco Receivership in the following amounts:

- |    |                                       |               |
|----|---------------------------------------|---------------|
| 20 | • William & Helene Alber Family Trust | \$ 39,084.00  |
| 21 | • Brinkman Family Trust               | \$ 244,444.45 |

1	• Craig & Tomie Brown Living Trust	\$ 291,683.27
2	• Desert Classic Investments, LLC (c/o Steven Bunker)	\$ 755,817.58
3	• Steven G. & Mary E. Bunker Estate	\$ 532,650.00
4	• Anthony Burdett – IRA	\$ 457,765.75
5	• Kennen Burkhardt	\$ 94,446.91
6	• Kennen Burkhardt – IRA	\$ 394,812.11
7	• Warren & Fay Bush	\$ 152,113.08
8	• Mary Butler – IRA	\$ 277,371.94
9	• Van Butler	\$ 182,670.52
10	• Van Butler – IRA	\$ 277,371.94
11	• Thomas & Sara Byrne 2008 Living Trust	\$ 146,114.21
12	• Gretchen P. Carrick Trust	\$ 143,946.50
13	• Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 133,107.45
14	• Averill Cate, Jr. & Mary Kris McIlwaine	\$ 67,828.34
15	• Arden & Nina Chittick Family Trust	\$ 254,088.98
16	• Chittick Family Trust	
17	(c/o Eldon & Carlene Chittick)	\$ 489,184.27
18	• Cohen Revocable Trust	\$ 145,000.00
19	• Dori Ann Davis Living Trust	\$ 216,701.64
20	• Glen Davis	\$ 465,412.00
21	• Glen Davis – IRA	\$ 220,965.01

1	• Samantha Davis	\$ 34,235.02
2	• Jack Davis	\$ 75,000.00
3	• Scott D. Detota	\$ 120,758.00
4	• Amy Lee Dirks – IRA	\$ 75,971.31
5	• Bradley Mark Dirks – IRA	\$ 175,437.55
6	• Non Lethal Defense, Inc. (c/o Dave Dubay)	\$ 58,000.00
7	• Dupper Living Trust	\$ 528,551.20
8	• Todd F. Einck Trust	\$ 115,157.20
9	• Stacy Grant IRA	\$ 88,646.95
10	• Russ Griswold	\$ 58,000.00
11	• Russ Griswold IRA	\$ 95,722.97
12	• Michael & Diana Gumbert Trust	\$ 464,000.00
13	• Nihad Hafiz	\$ 290,000.00
14	• Robert & Elizabeth Hahn Family Trust	\$ 260,581.49
15	• Ralph L. Hey	\$ 54,016.39
16	• Dale & Kathy Hickman	\$ 673,291.73
17	• Craig & Samantha Hood	\$ 992,921.56
18	• Doris & Levester Howze	\$ 46,400.00
19	• Bill Hughes	\$ 72,500.00
20	• Bill Hughes IRA	\$ 347,442.79
21		

1	• Judy Hughes – IRA	\$ 151,288.44
2	• Imdieke Revocable Trust	\$3,682,900.00
3	• James K. Jetton	\$ 47,852.22
4	• Ralph Kaiser – IRA	\$ 260,396.16
5	• Mary Kent	\$ 254,226.08
6	• Paul A. Kent Family Trust	\$ 144,412.80
7	• Robert Z. Koehler – IRA	\$ 176,335.49
8	• LeRoy Kopel Revocable Living Trust	\$ 52,163.24
9	• LeRoy Kopel – IRA	\$ 158,309.24
10	• Robert F. Lawson	\$ 95,528.12
11	• Wayne J. Ledet – IRA	\$ 262,513.93
12	• Wayne J. Ledet – Roth IRA	\$ 94,368.19
13	• Wayne J. Ledet Revocable Trust	\$ 291,706.09
14	• Terry & Lil Lee	\$ 58,000.00
15	• The Lee Group, Inc. (c/o Terry & Lil Lee)	\$ 174,000.00
16	• Lillian Lent – Roth IRA	\$ 39,685.71
17	• Manuel A. Lent – IRA	\$ 94,342.97
18	• William & W. Jean Locke	\$ 109,778.74
19	• BLL Capital, LLC (c/o Barry Luchtel)	\$ 87,000.00
20	• L JL Capital, LLC (c/o Landon Luchtel)	\$ 104,000.00
21		

1	• Jim McArdle	\$ 307,732.93
2	• James & Lesley McCoy Trust	\$ 232,000.00
3	• Caro McDowell Revocable Trust	\$ 180,733.33
4	• The Marvin G. Miller & Patricia S. Miller 1989 Trust	\$ 996,142.03
5	• Kaylene Moss – IRA	\$ 258,678.19
6	• Moss Family Trust	\$ 91,431.27
7	• Muscat Family Trust	\$ 290,000.00
8	• Brian & Janice Odenthal	\$ 134,397.11
9	• Brian Odenthal – IRA	\$ 67,540.43
10	• Jolene Page	\$1,757,015.53
11	• Valerie Paxton	\$ 578,582.04
12	• Marlene Pearce – IRA	\$ 99,737.56
13	• Jeff Phalen – IRA	\$ 380,967.74
14	• Phalen Family Trust	\$ 521,433.20
15	• Preston Revocable Living Trust	\$ 92,125.76
16	• Pete Rzonca	\$ 141,012.26
17	• JoAnn Sanders	\$ 64,677.25
18	• Schloz Family 1998 Trust	\$ 108,232.24
19	• Mary Schloz	\$ 112,939.20
20	• Stanley Schloz	\$ 113,511.83
21		

1	• GB 12, LLC (c/o Stanley Schloz)	\$ 86,000.00
2	• Annette Scroggin – IRA	\$ 150,951.72
3	• Annette Scroggin – Roth IRA	\$ 48,383.79
4	• Michael Scroggin	\$ 87,000.00
5	• Michael Scroggin – IRA	\$ 373,347.02
6	• Michael Scroggin - Roth IRA	\$ 86,166.71
7	• William Stewart Sherriff	\$ 86,367.90
8	• Saltire, LLC (c/o William Stewart Sherriff)	\$ 86,367.90
9	• Gary E. Siegford & Corrina C. Esvelt Siegford	\$ 680,105.04
10	• Gary D. & Judith E. Siegford	\$ 298,516.70
11	• Branson & Sandra Smith Trust	\$ 201,900.00
12	• Branson Smith – IRA	\$ 237,878.22
13	• Donald E. & Lucinda Sterling	\$ 23,750.00
14	• Nancy Swirtz	\$ 63,432.82
15	• Long Time Holdings, LLC (c/o William Swirtz)	\$ 944,852.18
16	• Coralee Thompson	\$1,347,953.90
17	• Gary L. Thompson	\$1,189,282.70
18	• James Trainor	\$ 325,614.34
19	• Stephen D. Tuttle	\$ 84,885.05
20	• Wade Underwood	\$ 94,010.95
21		



1	• Laurie A. Weiskopf – IRA	\$ 47,039.46
2	• Thomas D. Weiskopf – IRA	\$ 14,524.59
3	• Carol J. Wellman	\$ 78,983.98
4	• Carol J. Wellman Roth IRA	\$ 40,735.77
5	• Wellman Family Living Trust	\$ 64,216.00
6	• Brian & Carla Wenig Family Trust	\$ 106,549.54
7	• Mark & Debbie Wenig	\$ 240,742.47
8	• Angels Investments, LLC (c/o Yusuf Yildiz)	\$ 179,370.00
9	• Michael Zones	\$ 270,382.16
10	• Leslie Jones (c/o Michael Zones)	\$ 198,000.00
11	• Leslie Jones – IRA (c/o Michael Zones)	\$ 231,779.45

12 III. RECEIVER’S RECOMMENDATIONS AS TO NON-DENSCO INVESTOR CLAIMS

13 13. As set forth above, a total of six (6) non DenSco investors submitted unsecured  
14 creditor claims with the Receiver. Since these claims are each unique, the Receiver has  
15 chosen to address them separately in this Petition.

16 A. DENIAL OF CLAIMS FILED BY CLARK HILL PLC

17 14. The law firm of Clark Hill, PLC (“Clark Hill”) timely submitted two non-  
18 investor proof of claims to the Receiver. Clark Hill’s first claim sought approval of an  
19 unsecured claim in the amount of \$53,820.00 for unpaid legal services provided to DenSco  
20 from June 1, 2016 through August 17, 2016. Clark Hill submitted a second unsecured non-  
21



1 investor claim in the amount of \$23,046.00 for unpaid legal services provided to DenSco  
2 from August 18, 2016 to September 30, 2016.

3 15. As set forth in the Claims Report, the Receiver initially recommended the  
4 denial of the two unsecured claims submitted by Clark Hill because the Receiver has  
5 determined that Clark Hill had a conflict of interest that precluded it from performing the  
6 legal services without violating fiduciary duties to DenSco. Despite providing Clark Hill  
7 with notice of the Receiver's recommendation of the denial of its two claims and a copy of  
8 the Claims Report, Clark Hill failed to object or respond to the Receiver's recommendation  
9 that their two non-investor claims submitted by Clark Hill be denied. Accordingly, the  
10 Receiver's final recommendation is that Clark Hill's two claims be denied.

11 B. DENIAL OF FRAUDULENT CLAIMS FILED BY PRISONERS

12 16. As set forth in the Claims Report, the Receiver received three bogus claims  
13 from persons who appear to be currently incarcerated. Specifically, and as set forth in more  
14 detail in the Claims Report, the Receiver received timely claims from (1) James Richard Hill,  
15 Jr. [an apparent resident of the State Prison in Corcoran California] (2) Carlyle Johnson [an  
16 apparent resident of the State Prison in Corcoran California] and (3) Eric Murchinson [an  
17 apparent resident of a Federal Prison in Coleman, Florida] (Collectively the "Fraudulent  
18 Claims").

19 17. As set forth in the Claims Report, the Fraudulent Claims are baseless and there  
20 is no evidence that DenSco conducted any business or had any other relationship with these  
21 claimants. Moreover, it is common practice for incarcerated individuals to file bogus claims

1 in Receivership proceedings, especially when a claims process is publicized in publications  
2 with a national circulation.

3 18. Despite providing notice to James Richard Hill, Jr., Carlyle Johnson and Eric  
4 Murchinson of the Receiver's recommendation to deny the Fraudulent Claims and providing  
5 them each a copy of the Claims Report, James Richard Hill, Jr., Carlyle Johnson and Eric  
6 Murchinson did not object to the Receiver's recommendation that the Fraudulent Claims be  
7 denied. Accordingly, the Receiver's final recommendation is that the claims of James  
8 Richard Hill, Jr., Carlyle Johnson and Eric Murchinson be denied.

9 C. DEFERRAL OF CLAIM FILED BY THE ESTATE OF CHITTICK

10 19. As set forth in the Claims Report, the Receiver received a timely non-investor  
11 proof of claim from Shawna Heuer, as the personal representative of the Estate of Denny  
12 Chittick ("Estate of Chittick"). The Estate of Chittick's claim does not seek payment of a  
13 monetary amount, but was filed to preserve the Estate of Chittick's rights to seek future  
14 indemnification from the DenSco Receivership if the Chittick Estate suffers economic  
15 damages from the administration of the DenSco Receivership. In the Claims Report, the  
16 Receiver recommended that adjudication of the Estate of Chittick claim be deferred as the  
17 Receiver was in ongoing negotiations to resolve a series of issues between the Estate of  
18 Chittick and the Receiver.

19 20. Since the issuance of the Claims report, DenSco investor Branson (Tony) Smith  
20 submitted a timely written objection to the Estate of Chittick's claim. Pursuant to the  
21 provisions of the Claims Order, a copy of the objection is attached hereto as Exhibit "B".

21. Despite Mr. Smith's objection and since the issuance of the Claims Report, the Receiver and the Estate of Chittick have completed settlement negotiations and have tentatively resolved their respective disputes, including the agreement of the Estate of Chittick to withdraw its claim in the DenSco receivership. However, the settlement between the Receiver and the Estate of Chittick is subject to approval by this Court and the Probate Court. Moreover, a party to the settlement is the Guardian Ad-Litem for Denny Chittick's minor children who is currently reviewing the settlement, and it is contemplated he will need authority from the Probate Court to approve and execute the Settlement Agreement.

22. While the Receiver can appreciate Mr. Smith's objection, given the nature of the claim submitted by the Estate of Chittick and the current status of a resolution between the Receiver and the Estate of Chittick pending Court approvals, the Receiver recommends that the Estate of Chittick's claim continue to be deferred indefinitely. Moreover, the deferral of the Estate of Chittick's claim will not have an effect upon the anticipated request by the Receiver to approve an interim distribution to the approved DenSco creditors.

WHEREFORE, the Receiver respectfully requests that the Court enter an order as follows:

1. Approving the DenSco investor claims as set forth above;
2. Denying the creditor claims of Clark Hill, PLC, James Richard Hill, Jr., Carlyle Johnson and Eric Murchinson; and

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3. Deferring the adjudication of the claim of the Estate of Chittick.

Respectfully submitted this 28<sup>th</sup> day of September, 2017.

GUTTILLA MURPHY ANDERSON, P.C.

/s/Ryan W. Anderson

Ryan W. Anderson

Attorneys for the Receiver

2359-001(297441)

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

Receivership of DenSco Investment Corporation  
List of Filed Claims - Receiver's Recommendations

Claim No.	Type	Investor Name	Amount of Claim	Amount Recommended for Approval	Receiver's Recommendation
1	Investor	William & Helene Alber Family Trust	39,582.00	39,084.00	Approved as modified
2	Investor	Brinkman Family Trust	382,113.38	244,444.45	Approved as modified
3	Investor	Craig & Tomie Brown Living Trust	291,683.27	291,683.27	Approved as filed
4	Investor	Desert Classic Investments, LLC (c/o Steven Bunger)	926,367.58	755,817.58	Approved as modified
5	Investor	Steven G. & Mary E. Bunger Estate	540,600.00	532,650.00	Approved as modified
6	Investor	Anthony Burdett - IRA	457,765.75	457,765.75	Approved as filed
7	Investor	Kennen Burkhart	94,446.91	94,446.91	Approved as filed
8	Investor	Kennen Burkhart - IRA	394,812.11	394,812.11	Approved as filed
9	Investor	Warren & Fay Bush	152,113.08	152,113.08	Approved as filed
10	Investor	Mary Butler - IRA	277,371.94	277,371.94	Approved as filed
11	Investor	Van Butler	182,670.52	182,670.52	Approved as filed
12	Investor	Van Butler - IRA	277,371.94	277,371.94	Approved as filed
13	Investor	Thomas & Sara Byrne 2008 Living Trust	146,114.21	146,114.21	Approved as filed
14	Investor	Gretchen P. Carrick Trust	143,946.50	143,946.50	Approved as filed
15	Investor	Erin P. Carrick Trust (c/o Gretchen Carrick)	133,109.45	133,107.45	Approved as modified
16	Investor	Averill Cate, Jr. & Mary Kris McIlwaine	72,260.16	67,828.34	Approved as modified
17	Investor	Arden & Nina Chittick Family Trust	254,368.53	254,088.98	Approved as modified
18	Investor	Chittick Family Trust (c/o Eldon & Carlene Chittick)	565,732.00	489,184.27	Approved as modified
19	Investor	Cohen Revocable Trust	145,000.00	145,000.00	Approved as filed
20	Investor	Dori Ann Davis Living Trust	216,701.00	216,701.64	Approved as modified
21	Investor	Glen Davis	465,413.00	465,412.00	Approved as modified
22	Investor	Glen Davis - IRA	220,965.00	220,965.01	Approved as modified
23	Investor	Samantha Davis	35,079.23	34,235.02	Approved as modified
24	Investor	Jack Davis	75,000.00	75,000.00	Approved as filed
25	Investor	Scott D. Detota	121,988.78	120,758.00	Approved as modified
26	Investor	Amy Lee Dirks - IRA	75,971.31	75,971.31	Approved as filed
27	Investor	Bradley Mark Dirks - IRA	175,437.55	175,437.55	Approved as filed
28	Investor	Non Lethal Defense, Inc. (c/o Dave Dubay)	58,000.00	58,000.00	Approved as filed
29	Investor	Dupper Living Trust	528,551.20	528,551.20	Approved as filed
30	Investor	Todd F. Einck Trust	115,157.20	115,157.20	Approved as filed
31	Investor	Stacy Grant - IRA	88,646.95	88,646.95	Approved as filed
32	Investor	Russ Griswold	58,000.00	58,000.00	Approved as filed
33	Investor	Russ Griswold - IRA	95,722.97	95,722.97	Approved as filed
34	Investor	Michael & Diana Gumbert Trust	464,000.00	464,000.00	Approved as filed
35	Investor	Nihad Hafiz	290,000.00	290,000.00	Approved as filed
36	Investor	Robert & Elizabeth Hahn Family Trust	260,581.49	260,581.49	Approved as filed
37	Investor	Ralph L. Hey	54,016.39	54,016.39	Approved as filed
38	Investor	Dale & Kathy Hickman	744,952.30	673,291.73	Approved as modified
39	Investor	Craig & Samantha Hood	1,113,476.57	992,921.56	Approved as modified
40	Investor	Doris & Levester Howze	46,400.00	46,400.00	Approved as filed
41	Investor	Bill Hughes	71,250.00	72,500.00	Approved as modified
42	Investor	Bill Hughes - IRA	329,420.24	347,442.79	Approved as modified
43	Investor	Judy Hughes - IRA	188,044.44	151,288.44	Approved as modified
44	Investor	Imdieke Revocable Trust	3,682,900.00	3,682,900.00	Approved as filed
45	Investor	James K. Jetton	50,000.00	47,852.22	Approved as modified
46	Investor	Ralph Kaiser - IRA	395,487.04	260,396.16	Approved as modified
47	Investor	Mary Kent	254,226.00	254,226.08	Approved as modified
48	Investor	Paul A. Kent Family Trust	144,413.00	144,412.80	Approved as modified
49	Investor	Robert Z. Koehler - IRA	176,335.49	176,335.49	Approved as filed
50	Investor	LeRoy Kopel Revocable Living Trust	84,723.26	52,163.24	Approved as modified
51	Investor	LeRoy Kopel - IRA	158,309.24	158,309.24	Approved as filed
52	Investor	Robert F. Lawson	95,528.12	95,528.12	Approved as filed
53	Investor	Wayne J. Ledet - IRA	262,513.93	262,513.93	Approved as filed
54	Investor	Wayne J. Ledet - Roth IRA	102,706.77	94,368.19	Approved as modified
55	Investor	Wayne J. Ledet Revocable Trust	292,611.09	291,706.09	Approved as modified
56	Investor	Terry & Lil Lee	58,000.00	58,000.00	Approved as filed
57	Investor	The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00	174,000.00	Approved as filed
58	Investor	Lillian Lent - Roth IRA	39,685.71	39,685.71	Approved as filed
59	Investor	Manuel A. Lent - IRA	94,342.97	94,342.97	Approved as filed
60	Investor	William & W. Jean Locke	156,098.00	109,778.74	Approved as modified
61	Investor	BLL Capital, LLC (c/o Barry Luchtell)	87,000.00	87,000.00	Approved as filed

**Exhibit "A"**

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

**Receivership of DenSco Investment Corporation**  
**List of Filed Claims - Receiver's Recommendations**

Claim No.	Type	Investor Name	Amount of Claim	Amount Recommended for Approval	Receiver's Recommendation
62	Investor	LJL Capital, LLC (c/o Landon Luchte)	104,000.00	104,000.00	Approved as filed
63	Investor	Jim McArdle	307,835.00	307,732.93	Approved as modified
64	Investor	James & Lesley McCoy Trust	232,000.00	232,000.00	Approved as filed
65	Investor	Caro McDowell Revocable Trust	180,733.00	180,733.33	Approved as modified
66	Investor	The Marvin G. Miller & Patricia S. Miller 1989 Trust	967,132.44	996,142.03	Approved as modified
67	Investor	Kaylene Moss - IRA	392,877.84	258,678.19	Approved as modified
68	Investor	Moss Family Trust	139,693.21	91,431.27	Approved as modified
69	Investor	Muscat Family Trust	290,000.00	290,000.00	Approved as filed
70	Investor	Brian & Janice Odenthal	151,819.40	134,397.11	Approved as modified
71	Investor	Brian Odenthal - IRA	67,540.43	67,540.43	Approved as filed
72	Investor	Jolene Page	1,757,015.53	1,757,015.53	Approved as filed
73	Investor	Valerie Paxton	578,582.04	578,582.04	Approved as filed
74	Investor	Marlene Pearce - IRA	103,725.56	99,737.56	Approved as modified
75	Investor	Jeff Phalen - IRA	381,901.12	380,967.74	Approved as modified
76	Investor	Phalen Family Trust	521,434.00	521,433.20	Approved as modified
77	Investor	Preston Revocable Living Trust	92,126.00	92,125.76	Approved as modified
78	Investor	Pete Rzonca	141,012.26	141,012.26	Approved as filed
79	Investor	JoAnn Sanders	64,677.25	64,677.25	Approved as filed
80	Investor	Schloz Family 1998 Trust	110,092.69	108,232.24	Approved as modified
81	Investor	Mary Schloz	112,939.20	112,939.20	Approved as filed
82	Investor	Stanley Schloz	113,511.83	113,511.83	Approved as filed
83	Investor	GB 12, LLC (c/o Stanley Schloz)	86,000.00	86,000.00	Approved as filed
84	Investor	Annette Scroggin - IRA	150,951.72	150,951.72	Approved as filed
85	Investor	Annette Scroggin - Roth IRA	48,383.79	48,383.79	Approved as filed
86	Investor	Michael Scroggin	87,000.00	87,000.00	Approved as filed
87	Investor	Michael Scroggin - IRA	373,347.02	373,347.02	Approved as filed
88	Investor	Michael Scroggin - Roth IRA	86,166.71	86,166.71	Approved as filed
89	Investor	William Stewart Sherriff	86,367.90	86,367.90	Approved as filed
90	Investor	Saltire, LLC (c/o William Stewart Sherriff)	86,367.90	86,367.90	Approved as filed
91	Investor	Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04	680,105.04	Approved as filed
92	Investor	Gary D. & Judith E. Siegford	298,516.70	298,516.70	Approved as filed
93	Investor	Branson & Sandra Smith Trust	201,900.00	201,900.00	Approved as filed
94	Investor	Branson Smith - IRA	237,878.22	237,878.22	Approved as filed
95	Investor	Donald E. & Lucinda Sterling	23,750.00	23,750.00	Approved as filed
96	Investor	Nancy Swirtz	63,432.00	63,432.82	Approved as modified
97	Investor	Long Time Holdings, LLC (c/o William Swirtz)	944,852.00	944,852.18	Approved as modified
98	Investor	Coralee Thompson	1,347,953.90	1,347,953.90	Approved as filed
99	Investor	Gary L. Thompson	1,189,282.70	1,189,282.70	Approved as filed
100	Investor	James Trainor	325,614.32	325,614.34	Approved as modified
101	Investor	Stephen D. Tuttle	137,600.06	84,885.05	Approved as modified
102	Investor	Wade Underwood	123,739.00	94,010.95	Approved as modified
103	Investor	Laurie A. Weiskopf - IRA	309,584.99	47,039.46	Approved as modified
104	Investor	Thomas D. Weiskopf - IRA	14,524.59	14,524.59	Approved as filed
105	Investor	Carol J. Wellman	78,983.97	78,983.98	Approved as modified
106	Investor	Carol J. Wellman - Roth IRA	40,735.77	40,735.77	Approved as filed
107	Investor	Wellman Family Living Trust	64,216.03	64,216.00	Approved as modified
108	Investor	Brian & Carla Wenig Family Trust	157,126.76	106,549.54	Approved as modified
109	Investor	Mark & Debbie Wenig	240,742.47	240,742.47	Approved as filed
110	Investor	Angels Investments, LLC (c/o Yusuf Yildiz)	179,370.00	179,370.00	Approved as filed
111	Investor	Michael Zones	270,382.16	270,382.16	Approved as filed
112	Investor	Leslie Jones (c/o Michael Zones)	198,000.00	198,000.00	Approved as filed
113	Investor	Leslie Jones - IRA (c/o Michael Zones)	231,779.45	231,779.45	Approved as filed
114	Non-Investor	Clark Hill, PLC (06/01/16-08/17/16)	53,820.00	-	Denied
115	Non-Investor	Clark Hill, PLC (08/18/16-09/30/16)	23,046.00	-	Denied
116	Non-Investor	James Richard Hill, Jr.	3,255.00	-	Denied
117	Non-Investor	Carlyle Johnson	6,550.00	-	Denied
118	Non-Investor	Eric Murchinson	1,000.00	-	Denied
119	Non-Investor	Estate of Denny Chittick (c/o Shawna Heuer, PR)	[Unknown]	[Deferred]	Deferred indefinitely
<b>TOTAL:</b>			<b>\$ 32,942,060.54</b>	<b>\$ 31,446,001.79</b>	

**Exhibit "A"**



## **Ryan Anderson**

---

**From:** Tony Smith <aztonysmith@gmail.com>  
**Sent:** Wednesday, August 30, 2017 11:27 AM  
**To:** Peter Davis  
**Cc:** Ryan Anderson; Sara Beretta  
**Subject:** DenSco Claim By Chittick Estate

August 30, 2017

Dear Mr. Davis,

I am sending you this email to object to the claim being made by the Estate of Denny Chittick (% Shawna Heuer, PR) against DenSco Investment Corporation.

Both DenSco and the Estate of Denny Chittick were controlled specifically by Denny Chittick during the years prior to and during the fraud that occurred.

It is my feeling that Denny Chittick took actions to protect his interests by moving funds in different ways between the Estate and DenSco Investment Corporation. I feel that the Estate is actually in receipt of funds that do not rightfully belong to it. Because of this, the Estate should not be allowed to make any claims for restitution against DenSco and actually be required to return funds that were moved from DenSco to the Estate.

Sincerely,

Branson (Tony) Smith





FILED  
10/27/17 10:00am  
MICHAEL K. JEANES, Clerk  
By C. Avena  
Deputy

1 Guttilla Murphy Anderson, P.C.

2 **Ryan W. Anderson** (Ariz. No. 020974)

3 5415 E. High St., Suite 200

4 Phoenix, Arizona 85054

5 Email: randerson@gamlaw.com

6 Phone: (480) 304-8300

7 Fax: (480) 304-8301

8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

10 IN AND FOR THE COUNTY OF MARICOPA

11 ARIZONA CORPORATION  
12 COMMISSION,

13 Plaintiff,

14 v.

15 DENSCO INVESTMENT  
16 CORPORATION, an Arizona  
17 corporation,

18 Defendant.

Cause No. CV2016-014142

ORDER RE: PETITION NO. 37

(Assigned to Judge Teresa Sanders)

19 The Receiver, having filed *Petition No. 37 – Petition for Approval of Receiver’s Final*  
20 *Recommendations Approving Claims in DenSco Receivership*, and the Court having  
21 considered same, and it appearing to the Court that the matters requested by *Petition No. 37*  
are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Approving the DenSco investor claims as set forth below:

• William & Helene Alber Family Trust

\$ 39,084.00

1	• Brinkman Family Trust	\$ 244,444.45
2	• Craig & Tomie Brown Living Trust	\$ 291,683.27
3	• Desert Classic Investments, LLC (c/o Steven Bunger)	\$ 755,817.58
4	• Steven G. & Mary E. Bunger Estate	\$ 532,650.00
5	• Anthony Burdett – IRA	\$ 457,765.75
6	• Kennen Burkhardt	\$ 94,446.91
7	• Kennen Burkhardt – IRA	\$ 394,812.11
8	• Warren & Fay Bush	\$ 152,113.08
9	• Mary Butler – IRA	\$ 277,371.94
10	• Van Butler	\$ 182,670.52
11	• Van Butler – IRA	\$ 277,371.94
12	• Thomas & Sara Byrne 2008 Living Trust	\$ 146,114.21
13	• Gretchen P. Carrick Trust	\$ 143,946.50
14	• Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 133,107.45
15	• Averill Cate, Jr. & Mary Kris McIlwaine	\$ 67,828.34
16	• Arden & Nina Chittick Family Trust	\$ 254,088.98
17	• Chittick Family Trust	
18	(c/o Eldon & Carlene Chittick)	\$ 489,184.27
19	• Cohen Revocable Trust	\$ 145,000.00
20	• Dori Ann Davis Living Trust	\$ 216,701.64
21	• Glen Davis	\$ 465,412.00
	• Glen Davis – IRA	\$ 220,965.01

1	• Samantha Davis	\$ 34,235.02
2	• Jack Davis	\$ 75,000.00
3	• Scott D. Detota	\$ 120,758.00
4	• Amy Lee Dirks – IRA	\$ 75,971.31
5	• Bradley Mark Dirks – IRA	\$ 175,437.55
6	• Non Lethal Defense, Inc. (c/o Dave Dubay)	\$ 58,000.00
7	• Dupper Living Trust	\$ 528,551.20
8	• Todd F. Einck Trust	\$ 115,157.20
9	• Stacy Grant IRA	\$ 88,646.95
10	• Russ Griswold	\$ 58,000.00
11	• Russ Griswold IRA	\$ 95,722.97
12	• Michael & Diana Gumbert Trust	\$ 464,000.00
13	• Nihad Hafiz	\$ 290,000.00
14	• Robert & Elizabeth Hahn Family Trust	\$ 260,581.49
15	• Ralph L. Hey	\$ 54,016.39
16	• Dale & Kathy Hickman	\$ 673,291.73
17	• Craig & Samantha Hood	\$ 992,921.56
18	• Doris & Levester Howze	\$ 46,400.00
19	• Bill Hughes	\$ 72,500.00
20	• Bill Hughes IRA	\$ 347,442.79
21	• Judy Hughes – IRA	\$ 151,288.44

1	• Indieke Revocable Trust	\$3,682,900.00
2	• James K. Jetton	\$ 47,852.22
3	• Ralph Kaiser – IRA	\$ 260,396.16
4	• Mary Kent	\$ 254,226.08
5	• Paul A. Kent Family Trust	\$ 144,412.80
6	• Robert Z. Koehler – IRA	\$ 176,335.49
7	• LeRoy Kopel Revocable Living Trust	\$ 52,163.24
8	• LeRoy Kopel – IRA	\$ 158,309.24
9	• Robert F. Lawson	\$ 95,528.12
10	• Wayne J. Ledet – IRA	\$ 262,513.93
11	• Wayne J. Ledet – Roth IRA	\$ 94,368.19
12	• Wayne J. Ledet Revocable Trust	\$ 291,706.09
13	• Terry & Lil Lee	\$ 58,000.00
14	• The Lee Group, Inc. (c/o Terry & Lil Lee)	\$ 174,000.00
15	• Lillian Lent – Roth IRA	\$ 39,685.71
16	• Manuel A. Lent – IRA	\$ 94,342.97
17	• William & W. Jean Locke	\$ 109,778.74
18	• BLL Capital, LLC (c/o Barry Luchtel)	\$ 87,000.00
19	• LJI Capital, LLC (c/o Landon Luchtel)	\$ 104,000.00
20	• Jim McArdle	\$ 307,732.93
21	• James & Lesley McCoy Trust	\$ 232,000.00

1	• Caro McDowell Revocable Trust	\$ 180,733.33
2	• The Marvin G. Miller & Patricia S. Miller 1989 Trust	\$ 996,142.03
3	• Kaylene Moss – IRA	\$ 258,678.19
4	• Moss Family Trust	\$ 91,431.27
5	• Muscat Family Trust	\$ 290,000.00
6	• Brian & Janice Odenthal	\$ 134,397.11
7	• Brian Odenthal – IRA	\$ 67,540.43
8	• Jolene Page	\$1,757,015.53
9	• Valerie Paxton	\$ 578,582.04
10	• Marlene Pearce – IRA	\$ 99,737.56
11	• Jeff Phalen – IRA	\$ 380,967.74
12	• Phalen Family Trust	\$ 521,433.20
13	• Preston Revocable Living Trust	\$ 92,125.76
14	• Pete Rzonca	\$ 141,012.26
15	• JoAnn Sanders	\$ 64,677.25
16	• Schloz Family 1998 Trust	\$ 108,232.24
17	• Mary Schloz	\$ 112,939.20
18	• Stanley Schloz	\$ 113,511.83
19	• GB 12, LLC (c/o Stanley Schloz)	\$ 86,000.00
20	• Annette Scroggin – IRA	\$ 150,951.72
21		

1	• Annette Scroggin – Roth IRA	\$ 48,383.79
2	• Michael Scroggin	\$ 87,000.00
3	• Michael Scroggin – IRA	\$ 373,347.02
4	• Michael Scroggin - Roth IRA	\$ 86,166.71
5	• William Stewart Sherriff	\$ 86,367.90
6	• Saltire, LLC (c/o William Stewart Sherriff)	\$ 86,367.90
7	• Gary E. Siegford & Corrina C. Esvelt Siegford	\$ 680,105.04
8	• Gary D. & Judith E. Siegford	\$ 298,516.70
9	• Branson & Sandra Smith Trust	\$ 201,900.00
10	• Branson Smith – IRA	\$ 237,878.22
11	• Donald E. & Lucinda Sterling	\$ 23,750.00
12	• Nancy Swirtz	\$ 63,432.82
13	• Long Time Holdings, LLC (c/o William Swirtz)	\$ 944,852.18
14	• Coralee Thompson	\$1,347,953.90
15	• Gary L. Thompson	\$1,189,282.70
16	• James Trainor	\$ 325,614.34
17	• Stephen D. Tuttle	\$ 84,885.05
18	• Wade Underwood	\$ 94,010.95
19	• Laurie A. Weiskopf – IRA	\$ 47,039.46
20	• Thomas D. Weiskopf – IRA	\$ 14,524.59
21	• Carol J. Wellman	\$ 78,983.98


- 1           • Carol J. Wellman Roth IRA                                 \$ 40,735.77
- 2           • Wellman Family Living Trust                             \$ 64,216.00
- 3           • Brian & Carla Wenig Family Trust                         \$ 106,549.54
- 4           • Mark & Debbie Wenig                                     \$ 240,742.47
- 5           • Angels Investments, LLC (c/o Yusuf Yildiz)                 \$ 179,370.00
- 6           • Michael Zones   \$ 270,382.16
- 7           • Leslie Jones (c/o Michael Zones)                         \$ 198,000.00
- 8           • Leslie Jones – IRA (c/o Michael Zones)                     \$ 231,779.45

9           2. Denying the creditor claims of Clark Hill, PLC, James Richard Hill, Jr., Carlyle

10 Johnson and Eric Murchinson; and

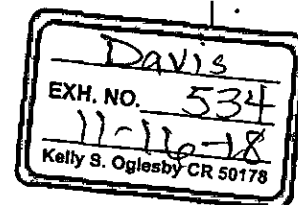
11           3. Deferring the adjudication of the claim of the Estate of Chittick.

12  
13 Dated this 27<sup>th</sup> day of Oct, 2017.

14  
15   
16 Honorable Teresa Sanders

# **Exhibit No. 185**





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8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR MARICOPA COUNTY

11 ARIZONA CORPORATION )

12 COMMISSION, )

13 Plaintiff, )

14 v. )

15 DENSCO INVESTMENT )

16 CORPORATION, an Arizona )

17 corporation, )

18 Defendant. )

Cause No. CV2016-014142

PETITION NO. 50

PETITION FOR ORDER APPROVING  
RECEIVER'S STATUS REPORT

(Assigned to Judge Teresa Sanders)

19 Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court as  
20 follows:

21 1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which  
appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership  
Order").

2. The Receiver has prepared and filed herewith the Receiver's Status Report  
dated December 22, 2017 which is attached hereto as Exhibit "A".

1 WHEREFORE, the Receiver respectfully requests that the Court enter an order  
2 approving the Receiver's Status Report attached hereto as Exhibit "A".

3 Respectfully submitted this 26<sup>th</sup> day of December, 2017.

4 GUTTILLA MURPHY ANDERSON, P.C.

5 /s/Ryan W. Anderson

6 Ryan W. Anderson

7 Attorneys for the Receiver

8 2359-001 (308861)



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

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*Status Report*  
*of*  
*Peter S. Davis, as Receiver of DenSco Investment Corporation*

*December 22, 2017*

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**LIST OF EXHIBITS**

Exhibit 1 .....Receivership Bank Account Activity

## **1. Background and Appointment of the Receiver**

DenSco Investment Corporation (“DenSco”) is an Arizona corporation formed by Denny Chittick (“Chittick”) in April 2001.<sup>1</sup> Since at least 2009, DenSco was engaged primarily in funding the purchase of real estate secured by deeds of trust using money raised from investors.<sup>2</sup> DenSco issued Confidential Private Offering Memoranda (“POM”) to investors before or at the time of their investments.<sup>3</sup> DenSco represented to investors that DenSco would maintain a maximum loan-to-value ratio (“LTV”) of 70%, and that all loans would be secured by first position deeds of trust.<sup>4</sup>

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court. The Receiver issued his Preliminary Report to the Court on September 19, 2016. The Receiver also issued a Status Report to the Court on December 23, 2016. The Receiver hereby incorporates all of the background information, opinions, conclusions, and other information contained in the previously issued reports in this report. Unless otherwise defined herein, capitalized terms shall retain the meanings set forth in the Receiver’s aforementioned reports. The Receiver’s analyses are ongoing; therefore, information contained herein is preliminary, tentative, and subject to change.

## **2. Receivership Activities**

### **2.1. Administration of the DenSco Loan Portfolio**

The Receiver has segregated the DenSco loan portfolio into two categories, including (1) loans to Menaged and his entities, Easy and AHF; and (2) loans to all other borrowers. Hereinafter, loans to Easy and AHF are referred to interchangeably as Menaged loans. The status of the non-Menaged loans and the Menaged loans is discussed in detail below.

#### **2.1.1. Non-Menaged Loans**

At the inception of the receivership, there were forty-seven (47) outstanding non-Menaged loans with a total principal balance of \$5,515,434.39. As of the date of this report, thirty-six (36) of those loans totaling \$4,659,958.83 have been paid off, and eleven (11) loans totaling \$855,475.56 remain outstanding. As of the date of this report, the Receiver has recovered a total of \$5,092,229.31 in principal, interest, and fees from the non-Menaged loan portfolio.

The Receiver continues to monitor and service the remaining eleven (11) non-Menaged loans in DenSco’s loan portfolio by collecting monthly interest payments, following up with borrowers who fail to make timely interest payments, providing borrowers with payoff statements, and conducting other loan administration activities as needed.

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<sup>1</sup> Arizona Corporation Commission report for file no. 09874884.

<sup>2</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 6.

<sup>3</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 7.

<sup>4</sup> CV 2016-014142; Verified Complaint; page 2, paragraphs 8-10.

### 2.1.2. Menaged Loans

As discussed in the Receiver's prior reports, only five (5) of the Menaged loans totaling \$1,276,179.82 were secured by real property, as the remaining loans were made on properties that neither Menaged nor his entities actually purchased. The status of these five (5) Menaged loans is discussed in detail below.

#### 2.1.2.1 Loan 3736 – 9103 East Charter Oak Drive

On October 12, 2012, DenSco loaned Menaged's mother, Michelle Menaged, \$400,000 evidenced by a promissory note secured by a deed of trust on the Charter Oak Property.<sup>5</sup> However, the property is also subject to a senior position lien in the principal amount of \$476,000 due to US Bank, NA.<sup>6</sup>

The Receiver began foreclosure proceedings on the Charter Oak Property in December 2016. On March 16, 2017, Michelle Menaged filed a *Complaint and Application for Temporary Restraining Order and for Preliminary Injunction* alleging that she did not execute the deed of trust on the Charter Oak Property and did not receive the loan proceeds from DenSco. According to the complaint, Michelle Menaged retained a forensic document examiner who opined that the signature on the DenSco deed of trust was not genuine. On May 1, 2017, Michelle Menaged's case was consolidated with the DenSco Receivership case under Case No. CV 2016-014142. The Receiver continues to postpone the Trustee's sale while the investigating the viability and collectability of this loan.

#### 2.1.2.2 Loan 3828 – 1605 West Winter Drive

On November 13, 2012, DenSco loaned Menaged \$300,000 evidenced by a promissory note secured by a deed of trust on the Winter Property.<sup>7</sup> On February 6, 2014, DenSco loaned Menaged an additional \$177,352.68 secured by the Winter Property,<sup>8</sup> for a total of \$477,352.68. However, the property is also subject to a senior position lien in the principal amount of \$250,000 due to PAJ.<sup>9</sup> The Receiver began foreclosure proceedings in November 2016 and took possession of the Winter Property at the Trustee's sale on February 21, 2017.<sup>10</sup>

The Receiver listed the Winter Property for sale at \$425,000 and subsequently rejected offers to purchase the property for \$350,000 and \$380,000. In March 2017, the Receiver received an offer to purchase the Winter Property for \$390,000. The Receiver accepted this offer conditioned on PAJ's willingness to accept \$300,000 in full satisfaction of its senior debt. PAJ refused to reduce its payoff demand to \$300,000 but agreed to accept \$310,000 subject to certain

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<sup>5</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20120935712).

<sup>6</sup> Deed of Trust (Maricopa County recorded document no. 20040204287) and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20160263965).

<sup>7</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121029407).

<sup>8</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140081791).

<sup>9</sup> Deed of Trust (Maricopa County recorded document no. 20090354620) and Assignment of Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20160313920).

<sup>10</sup> Trustee's Deed (Maricopa County recorded document no. 20170136163).

conditions. Since PAJ was unwilling to accept the lower payoff, the brokers for the buyer and for the Receiver each agreed to reduce their commissions from 3% each to 2%, and the Buyer agreed to increase the purchase price to \$392,200.

Accordingly, on April 21, 2017, the Receiver filed a petition to confirm the sale of the Winter Property to Joyce and Pamela Fitzgerald for \$392,200 (see Petition No. 24). The Court signed an order confirming the sale on May 12, 2017. Accordingly, the Receiver received net sale proceeds of \$34,986.02 on May 16, 2017.

The Receiver has disbursed a total of \$1,401.35 in insurance expenses for the benefit of the Winter Property.

#### **2.1.2.3 Loan 3883 – 9555 East Raintree Drive, Unit 1004**

On December 13, 2012, DenSco loaned Easy \$120,000 evidenced by a promissory note secured by a deed of trust on the Raintree Unit 1004 property.<sup>11</sup> On February 5, 2014, DenSco loaned Menaged an additional \$32,000 secured by Raintree Unit 1004,<sup>12</sup> for a total of \$152,000. However, the property is also subject to a senior position lien in the principal amount of \$250,000 due to Argent.<sup>13</sup>

The Receiver began foreclosure proceedings in October 2016 and took possession of Raintree Unit 1004 at the Trustee's sale on March 9, 2017.<sup>14</sup> On October 11, 2017, the Receiver filed a petition to confirm the sale of the property to GA3BD Design, LLC ("GA3BD") for \$172,500 (see Petition No. 39). On October 23, 2017, the Receiver received a competing offer from DenSco investor Coralee Thompson ("Thompson"), who offered to purchase the property for \$180,000. The Court held a hearing on November 6, 2017, during which GA3BD and Thompson submitted additional bids, and the property was ultimately sold to Thompson for \$188,000.

The sale of Raintree Unit 1004 was delayed for several weeks due to the senior lienholder's failure to timely provide a payoff statement. However, the sale finally closed escrow on December 15, 2017, at which time the Receiver received net sale proceeds of \$43,122.09.

The Receiver has disbursed a total of \$3,330 for the benefit of the Raintree Unit 1004 property, including (1) \$2,645 in homeowner's association dues; and (2) \$685 for insurance. The Receiver has canceled the property insurance and anticipates a premium refund of approximately \$338.

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<sup>11</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137660).

<sup>12</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140078275).

<sup>13</sup> Deed of Trust (Maricopa County recorded document no. 20031616790).

<sup>14</sup> Trustee's Deed (Maricopa County recorded document no. 20170174512).



#### **2.1.2.4 Loan 3885 – 9555 East Raintree Drive, Unit 1020**

On December 12, 2012, DenSco loaned Menaged's brother, Jess Menaged, \$100,000 evidenced by a promissory note secured by a deed of trust on the Raintree Unit 1020 property.<sup>15</sup> On February 5, 2014, DenSco loaned Easy<sup>16</sup> an additional \$52,000 secured by Raintree Unit 1020,<sup>17</sup> for a total of \$152,000. However, the property is also subject to a senior position lien in the original principal amount of \$180,000 due to Nationstar Mortgage, LLC,<sup>18</sup> as well as a lien filed by the homeowners association totaling approximately \$7,435 and unpaid property taxes of \$437.69.<sup>19</sup>

The Receiver obtained a broker's opinion of value, which indicated that Raintree Unit 1020 had a value of approximately \$200,000. After considering the costs to the Receiver to foreclose on DenSco's Deed of Trust and market and sell the Property (estimated to be \$21,800), the Receiver concluded that there was no remaining value to the Receivership Estate in the property. Accordingly, on February 14, 2017, the Receiver filed with the Court a notice of the Receiver's intent to abandon DenSco's interests in the Raintree Unit 1020 property. No objections were received, and the Receiver filed a notice of abandonment on April 20, 2017.<sup>20</sup> The Receiver continues to investigate the viability and collectability of claims on this loan.

#### **2.1.2.5 Loan 4604 – 707 East Potter Drive**

On September 25, 2013, DenSco loaned AHF \$170,000 evidenced by a promissory note secured by a deed of trust on Potter Property.<sup>21</sup> On November 10, 2016, the Receiver filed a motion with the Bankruptcy Court seeking to lift the automatic bankruptcy stay to permit the Receiver to foreclose the lien of its deed of trust on the Potter property. The Bankruptcy Court entered an order lifting the automatic bankruptcy stay on November 30, 2016. The Receiver began foreclosure proceedings in November 2016, and took possession of the Potter Property at the Trustee's sale on April 4, 2017.<sup>22</sup>

In April 2017, the Receiver received an offer to purchase the Potter Property for \$273,000 (see Petition No. 23). The Court approved the sale, but the buyer was unable to obtain FHA financing, so the property was relisted for sale. On June 5, 2017, the Receiver filed a petition to confirm the sale of the Potter Property to Aaron Valencia for \$270,000 (see Petition No. 28). The Court signed an order confirming the sale on August 8, 2017. Accordingly, the Receiver received net sale proceeds of \$245,223.63 on September 6, 2017.

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<sup>15</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137668).

<sup>16</sup> It is unclear why the first loan was made to Jess Menaged and the second loan was made to Easy Investments, LLC.

<sup>17</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140076570).

<sup>18</sup> Deed of Trust (Maricopa County recorded document no. 20070103932), Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20120786945), and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20150615324).

<sup>19</sup> Notice of Receiver's Intent to Abandon Interest of DenSco Investment Corporation in the Real Property Located at 9555 E. Raintree Dr. #1020, Scottsdale, Arizona; page 2.

<sup>20</sup> Notice of Abandonment (Maricopa County recorded document no. 20170282659).

<sup>21</sup> Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20150437867).

<sup>22</sup> Trustee's Deed (Maricopa County recorded document no. 20170241707).

On August 21, 2017, Quality Loan Service Corporation (“Quality”) filed a *Motion for Relief from Receivership Injunction* asserting that although AHF was the high bidder at the trustee’s sale, AHF and Menaged did not pay the amount bid (\$223,000) to Quality. Quality further claimed that because AHF did not pay for the property, Quality’s trustee’s sale is voidable, AHF never had a valid interest in the Potter Property, and therefore AHF’s interest in the property could not be transferred to DenSco.

The Receiver responded to Quality’s motion on September 20, 2017, disputing Quality’s claimed interest in the Potter Property or resulting sale proceeds. On October 11, 2017, the Court issued a minute entry directing (1) Quality to file a petition seeking the relief to which it alleges it is entitled to with respect to the Potter Property sale proceeds, (2) the Receiver to retain the sale proceeds until further order of the Court, and (3) denying any other relief requested in Quality’s motion. Accordingly, the Receiver continues to hold the Potter Property sale proceeds of \$245,223.63. As of the date of this report, Quality has not filed a petition seeking relief as directed by the Court. Accordingly, these funds are restricted pending the resolution of Quality’s allegations.

The Receiver has disbursed a total of \$10,088.14 for the benefit of the Potter Property, including (1) \$8,902.84 in past due and current property taxes; (2) \$759.07 for insurance; (3) \$366.23 in homeowner’s association dues; and (4) \$60 in maintenance expenses.

## **2.2. Creditor Claims Process**

On February 17, 2017, the Receiver filed a *Petition for Order Establishing Claims Procedures* (see Petition No. 19) seeking the Court’s approval of the Receiver’s proposed procedures for the solicitation and adjudication of claims against DenSco and the receivership assets. The Court signed the corresponding order (“Claims Order”) on March 29, 2017 approving the claims procedures and setting a claims bar date of June 20, 2017.

On April 18, 2017, pursuant to the Claims Order, the Receiver mailed to all potential DenSco claimants a copy of the Claims Order, a proof of claim form, and a notice describing the DenSco claims process and the claims bar date. The Receiver also coordinated the publication of a notice of the DenSco claims process and claims bar date in the USA Today and the Arizona Business Gazette. The Receiver received one hundred nineteen (119) claims, including claims from all one hundred thirteen DenSco (113) investors.

On August 1, 2017, the Receiver prepared and filed with the Court the Receiver’s Claims Report and Recommendations. On September 28, 2017, the Receiver filed a *Petition for Approval of Receiver’s Final Recommendations Approving Claims in DenSco Receivership* (see Petition No. 37). The Court signed the corresponding order on October 27, 2017 approving one hundred thirteen (113) creditor claims totaling \$31,446,001.79.

On November 8, 2017, the Receiver filed a *Petition to Approve First Interim Distribution to Creditors* (see Petition No. 41) seeking the Court’s approval of an interim distribution of \$4,500,000.03 to approved DenSco creditors, which represents approximately 14.31% of the total approved claims. Shortly thereafter, counsel for the Chittick Family Trust filed its *Objection to Petition No. 41*, specifically objecting to any distributions to DenSco investors,

Brinkman Family Trust ("Brinkman") and Nihad Hafiz ("Hafiz"), who asserted creditor claims in both the DenSco Receivership proceeding and the Probate administration of the Chittick Estate. Although all other DenSco investors who asserted claims against the Chittick Estate either abandoned their claims or assigned them to the Receiver, Brinkman and Hafiz have apparently decided to advance their claims in both the Receivership and Probate proceedings.

On November 29, 2017, the Receiver filed a *Reply to Objection to Petition No. 41*, requesting that the Court approve the payment of a first interim distribution to the DenSco creditors but directing the Receiver to hold any funds due to Brinkman or Nafiz until they have exhausted their efforts to recover funds from third parties related to their investments in DenSco.

On December 13, 2017, the Court signed the *Amended Order Re: Petition No. 41* approving the disbursement of distributions to all Claimants except Brinkman and Hafiz. While the Court approved distributions totaling \$76,480.31 to Brinkman and Hafiz, it ordered that these funds shall not be paid to Brinkman and Hafiz until further order of the Court. The Receiver prepared and mailed first interim distribution checks totaling \$4,423,519.72 to the DenSco claimants on December 19, 2017.

### **2.3. Claims against Yomtov Scott Menaged**

#### **2.3.1. Furniture King Receivership**

On September 19, 2016, the Court entered an Order placing Furniture King, et al. into receivership. The Receiver's actions with regard to the Furniture King assets are described in detail in the Receiver's *Petition for Approval of Procedures for the Sale of Furniture King Assets*, (see Petition No. 12) which was filed with the Court on December 21, 2016.

The Receiver collected a total of \$273,663.42 and disbursed a total of \$212,026.03 during the course of the Furniture King receivership, resulting in net proceeds of \$61,637.39. However, pursuant to the Settlement Agreement between the Receiver and the Trustee for Menaged's bankruptcy estate, the Receiver is required to distribute 10% of the net recoveries from Furniture King's assets to the Trustee for the benefit of Menaged's creditors. Accordingly, these funds are restricted pending the distribution of funds to the Trustee and the termination of the Furniture King receivership.

The results of the Furniture King receivership will be set forth in the Receiver's final report regarding the same, which is currently in process and will be filed with the Court in the near future.

#### **2.3.2. Menaged Bankruptcy and Settlement**

On January 31, 2017, the Receiver filed a *Verified Complaint to Determine Dischargeability of Debt* ("Verified Complaint") in Menaged's bankruptcy case, seeking a judicial determination that the amount of \$7,156,641.92 constitutes a nondischargeable obligation of the Menageds under 11.U.S.C. §523(1), and judgment in favor of the Receiver against the Menageds' marital community for at least \$47,156,641.92.

On February 17, 2017, the Receiver granted Menaged an open extension to answer or otherwise respond to the Receiver's Verified Complaint while the Receiver completed an analysis of the sources and uses of cash flowing through Menaged's personal and business bank accounts. Based on the Receiver's extensive analysis of Menaged's bank records, DenSco's bank records, and DenSco's QuickBooks data, the Receiver determined that Menaged paid DenSco approximately \$15,328,635 in interest over the course of his borrowing relationships with DenSco. The Receiver subtracted the total interest paid by Menaged to DenSco (\$15,328,635) from Menaged's loan balance (\$46,288,983) and determined that DenSco's net loss from Menaged's fraudulent activities is approximately \$30,960,348.

The Receiver negotiated a Settlement Agreement in which the Menageds consented to the entry of a nondischargeable civil judgment in favor of the Receiver in the amount of \$31,000,000 and an agreement that Menaged will cooperate with the Receiver's ongoing investigation into activities relating to DenSco. On August 8, 2017, the Receiver filed a *Petition for Order Approving Settlement Agreement with Yomtov Scott Menaged and Francine Menaged* (see Petition No. 32). The Receivership Court signed the Order approving the Menaged Settlement Agreement on August 11, 2017.

Accordingly, on September 5, 2017, the Bankruptcy Court awarded the Receiver a non-dischargeable judgment in the amount of \$31,000,000 plus post-judgment interest. The Receiver recorded the judgment with the Maricopa County Recorder on October 3, 2017.<sup>23</sup>

### **2.3.3. Menaged Indictment and Plea Agreement**

On approximately May 24, 2017, Menaged was indicted and arrested for his role in an alleged effort to defraud Wells Fargo Bank and Synchrony Financial through the issuance and use of fraudulent credit cards. The indictment charged Menaged with conspiracy, wire fraud, and aggravated identity theft. On October 17, 2017, the government filed an information statement to incorporate Menaged's crimes against DenSco and adding money laundering the list of charges against Menaged.

On October 17, 2017, Menaged entered into a plea agreement in the criminal matter and plead guilty to Conspiracy to Commit Bank Fraud [18 U.S.C §371]; Aggravated Identity Theft [18 U.S.C §1028(A)]; and Money Laundering Conspiracy [18 U.S.C §1956(h)]. Under the terms of the plea agreement Menaged agreed to the following:

- The losses from the Money Laundering Conspiracy total \$34,000,000;
- Menaged will be sentenced to a term of imprisonment of no less than 10 years and no more than 17 years;
- Menaged will permanently waive his bankruptcy discharge;
- Menaged has agreed to restitution of \$1,145,392.81 to Wells Fargo Bank, \$967,013.13 to Synchrony Bank, and \$34,000,000 to "all victims;" and
- Menaged must provide a full accounting of his assets.

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<sup>23</sup> Judgment (Maricopa County recorded document no. 20170731669)

At the request of United States Attorney representatives, the Receiver provided the information statement and plea agreement to DenSco investors via email on October 24, 2017. The Receiver also notified investors that the United States District Court intends to hold a hearing to address the Plea Agreement and to determine the length of Menaged's prison sentence. Investors were asked to notify the Receiver if they would like to provide a victim impact statement to the United States Attorney describing the impact of the Menaged/DenSco fraud on them. The Receiver received notice from eleven (11) investors, whose contact information was subsequently provided to the United States Attorney.

On December 5, 2017, the US Attorney requested that the Receiver coordinate directly with investors to obtain victim impact statements. Accordingly, on December 7, 2017, the Receiver notified investors via email of the opportunity to provide written victim impact statements to the Court, to speak at Menaged's sentencing hearing, and to attend the sentencing hearing. The Receiver received and provided to the US Attorney victim impact statements from twenty-two (22) DenSco investors. The Receiver also provided the US Attorney with the names of two (2) investors who volunteered to speak at the hearing.

At the criminal sentencing hearing on December 19, 2017, the Court sentenced Menaged to be incarcerated for 17 years in federal prison.

#### **2.4. Claims against the Chittick Estate**

The Receiver's claims against the Chittick Estate are set forth in **Section 2.3** of the Receiver's December 23, 2016 Status Report. The Receiver's claims with regard to Chittick's 401(k) Plan ("401K Plan") and Chittick's Defined Benefit Plan ("DB Plan") are discussed in detail in **Section 4.1** of the Receiver's Preliminary Report and in the Receiver's Notice of Claim. In addition, the Receiver determined that Chittick paid significant federal and state income taxes on fictional income of DenSco, which the Receiver believes can be recovered for the benefit of DenSco creditors.

On November 17, 2017, the Receiver filed a *Petition to Approve Settlement Agreement between Receiver, Shawna Chittick Heuer, Individually and as Personal Representative of Estate of Denny J. Chittick, Paul Theut as Guardian Ad Litem for Ty and Dillon Chittick, and Ranasha Chittick* (see Petition No. 43) seeking the Court's approval of the settlement agreement resolving the Receiver's claims against the Chittick Estate. The Receiver estimates a net recovery of approximately \$2,500,000 under the settlement agreement. The fundamental provisions of the Receiver's settlement with the Chittick Estate, et al. are set forth as follows:

- DenSco will pay \$675,000 to the Chittick Estate in exchange for a resolution of all issues relating to the DB Plan, 401k Plan, and tax refunds.
- With respect to the DB Plan, 100% of the DB Plan assets are deemed to be the property of DenSco. The parties to the settlement agreement will not contest the Receiver's treatment of the DB Plan as a non-qualified deferred compensation plan. The DB Plan held total assets of \$1,839,111.02 as of September 29, 2017.
- With respect to the 401k Plan, 100% of the proceeds will remain property of the Chittick Children.

- With respect to the tax refunds, the Chittick Estate has agreed to cede complete control and all rights to all potential tax refunds that the Receiver may recover from the United States Treasury and the State of Arizona to DenSco.
- With respect to the recovery of the tax refunds, the Personal Representative and the Receiver will work together to prepare and file the necessary paperwork to seek to recover the tax refunds, but the Receiver will be responsible for all professional fees in an effort to recover the tax refunds.
- If there are penalties or other fees from the pursuit or recovery of the tax refunds and the treatment of the DB Plan, those fees will be paid and borne by DenSco.
- The Chittick Estate has agreed to grant the Receiver a \$5,000,000 allowed claim in the Probate Proceeding. DenSco's claim will not be payable from the consideration under the Settlement Agreement, but the Chittick Estate agreed to apply 70% of any other assets recovered by the Chittick Estate towards payment of DenSco's claim.
- The Receiver shall pay \$2,300 to Pension Strategies, the administrator of the DB Plan.
- The Settlement Agreement is contingent upon approval by the Probate Court and the Receivership Court.
- The Settlement Agreement contains comprehensive mutual releases between and among the Parties and specifically compromises the claims of the thirty-eight (38) DenSco investors who had filed creditor claims in Probate proceeding and assigned their claims to the Receiver.

The Receiver's petition to approve the settlement with the Chittick Estate was heard by the Court on December 14, 2017. On the same date, the Court signed the *Order Re: Petition No. 43* approving the Receiver's Settlement Agreement with the Chittick Estate, et al.

While the Receiver is pleased that the Receivership Court has approved the Settlement Agreement with the Chittick Estate, et al., the settlement agreement also requires the approval of the Probate Court. In the Probate Court proceeding, Brinkman and Hafiz have filed objections to the Settlement Agreement. The Receiver continues to explore all avenues to obtain Probate Court approval of the Settlement Agreement with the Chittick Estate, et al.

#### **2.4.1. Status of Tax Refunds**

Due to impending tax deadlines, during the Receiver's negotiations with the Chittick Estate to resolve the above referenced claims, the Receiver worked with special counsel Lisa Reilly and Yale Goldberg of Snell & Wilmer, LLP, counsel for the Chittick Estate, and tax accountant David Preston ("Preston") to determine an appropriate strategy for preparing and filing the necessary tax forms and/or amended tax returns to pursue refund claims for excess federal and state income taxes paid by Chittick.

Based on these discussions and extensive research of IRS rules and regulations, the Receiver prepared and filed the 2016 federal and state income tax returns for DenSco on approximately September 1, 2017. Pursuant to IRS Publication 547 (Casualties, Disasters, and Thefts), which states that theft losses should be reported in the year in which they are discovered, the Receiver reported the Menaged fraud losses on DenSco's 2016 federal tax return via Form 4684

(Casualties and Thefts). This loss then flowed through to Chittick via the DenSco Form K-1 (Shareholder's Share of Income, Deductions, Credits, etc.).

Preston prepared Chittick's personal federal tax return for 2016 and Form 1045 (Application for Tentative Refund) in order to request refunds for approximately \$1,193,572 in excess federal income taxes paid by Chittick for the years 2013 through 2015. Preston also prepared Chittick's 2016 state tax return and amended state tax returns for 2013 through 2015 to request refunds for approximately \$147,077 in excess state income taxes paid during these years. As the Personal Representative of the Chittick Estate, Shawna Heuer signed and filed Chittick's 2016 tax returns in mid-October 2017, and the Form 1045 and amended state tax returns in late October 2017.

Should the IRS and the Arizona Department of Revenue agree with the application of theft loss rules and corresponding calculations, the Receiver hopes to receive federal and state refunds totaling approximately \$1,340,649.

## **2.5. Claims against Ponzi Winners**

As discussed in the Receiver's December 23, 2016 Status Report, the Receiver determined that DenSco was insolvent as of December 31, 2012. Despite its insolvency, DenSco became a Ponzi scheme as it continued to raise new investor funds, which were utilized to pay DenSco's obligations to existing investors. The Receiver identified twenty-one (21) DenSco investors as net investment "winners" who received cash in excess of their net investment balance as of the date of insolvency. All of the net investment "winners" withdrew their investment balances during the period from the date of insolvency through DenSco's collapse in 2016.

In June 2017, the Receiver sent written correspondence to all net investment "winners" demanding the return of fictitious profits. The status of the Receiver's efforts to collect from various Ponzi "winners" is discussed in detail below. The Receiver continues to pursue the recovery of fictitious profits received by the remaining net investment "winners" not referenced below.

### 2.5.1. Don Kimble, Chris Harvey, Karen Quigley, and Nishel Badiani

As described in detail in Petition No. 42, the Receiver has entered into settlement agreements with the following DenSco investors who received fictitious profits, summarized as follows:

**Table 1:  
Ponzi Winner Settlements (Petition No. 42)**

Investor	Net Profit	Settlement	% of Net Profit
Kimble, Don - IRA	3,546.00	2,836.80	80%
Harvey, Christopher	7,535.02	6,028.01	80%
Quigley, Karen	13,390.30	10,712.40	80%
Badiani, Nishel	36,356.82	29,085.46	80%
<b>TOTAL</b>	<b>60,828.14</b>	<b>48,662.67</b>	

The Receiver believes it is in the best interest of the Receivership Estate and the DenSco investors to resolve the above referenced claims for 80% of each investor's fictitious profit in order to recover a total of \$48,662.67<sup>24</sup> for the benefit of the Receivership Estate without incurring additional legal and other professional fees to do so. Accordingly, on November 16, 2017, the Receiver filed a *Petition to Approve Settlement Agreements between the Receiver and Donald Kimble, Christopher Harvey, Karen Quigley, and Nishel Badiani* (see Petition No. 42). This petition is currently pending before the Court.

As of the date of this report, the Receiver has received Ponzi winner settlement proceeds of \$4,000 from Christopher Harvey and \$10,712.40 from Karen Quigley. These funds are restricted pending the Court's approval of Petition No. 42.

### 2.5.2. Sundance Debt Partners, LLC

After filing Petition No. 42 seeking the Court's approval of the above referenced Ponzi winner settlements, the Receiver entered into a settlement agreement with Ponzi winner Sundance Debt Partners, LLC ("Sundance"). Although Sundance received a net profit of \$88,402.33, the Receiver agreed to accept a settlement of \$50,000, which represents approximately 57% of Sundance's net profit, for the following reasons:

- In comparison to the other "winners" Sundance is the only non-individual investor that was a "winner." Specifically, Sundance is a subsidiary of Sundance Capital Group, which operates under the corporate umbrella of "Sundance Bay" (see <http://www.sundancebay.com/>). Sundance Bay is run by Mitt Romney's sons, Matthew Romney and Craig Romney, and is a private equity fund based in Utah.

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<sup>24</sup> Petition No. 42 erroneously states that Nishel Badiani agreed to pay the Receiver \$29,356.82, yet the settlement agreement references a total payment of \$29,085.46. Accordingly, the total settlement proceeds are \$48,662.67, not \$48,934.03 as stated in Petition No. 42.



- Sundance has a series of individual investors, and these investors are ever-changing. Sundance has alleged that 25% of its owners in 2014 are no longer members of the LLC, and Sundance has added 145 new members since 2014.
- The Receiver could maintain claims against Sundance and potentially obtain a judgment for the full \$88,402.33. However, if successful, the Receiver may be required to seek reimbursement from the company's former members who individually profited from the investment in DenSco, which would likely require lengthy and expensive efforts to collect on the judgment.
- Accordingly, the efforts it may take to recover more than 57% of Sundance's net profit will be significantly more complicated and expensive than that of recovering from individual "winners."

Accordingly, on December 8, 2017, the Receiver filed a *Petition to Approve Settlement Agreement between the Receiver and Sundance Debt Partners, LLC* (see Petition No. 46). This petition is currently pending before the Court.

## **2.6. Pursuit of Additional Claims**

The Receiver has also retained special counsel to assist with additional potential claims as discussed in further detail below.

### **2.6.1. DenSco claims against Clark Hill and David Beauchamp**

During the initial months of the Receivership, the Receiver determined that DenSco may hold significant claims against DenSco's former legal advisors, including DenSco's former attorney David Beauchamp ("Beauchamp") and his firm, Clark Hill, PLC ("Clark Hill"). Accordingly, on March 31, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Osborn Maledon, PA to Represent the Receiver as Special Counsel* (see Petition No. 22) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of these potential claims. The Court signed the *Order Re: Petition No. 22* approving the engagement of special counsel Osborn Maledon, PA on April 27, 2017.

Special Counsel completed their preliminary investigation into DenSco's potential claims against its former legal advisors and submitted a memorandum to the Receiver setting forth their findings and recommendations. After review and consideration of the memorandum, the Receiver directed Special Counsel to prepare a civil complaint against Beauchamp and Clark Hill. On September 14, 2017, the Receiver filed an *Ex Parte Petition Seeking Approval for Receiver to File Complaint Against Clark Hill PLC and David Beauchamp* (see Petition No. 35). The Court signed the *Order Re: Petition No. 35* on October 10, 2017.

Accordingly, Special Counsel filed the Receiver's Complaint against Clark Hill, Beauchamp, and Beauchamp's spouse on October 16, 2017. DenSco alleges in its complaint that Beauchamp and Clark Hill committed legal malpractice in January 2014 when they failed to properly advise the Company about steps it should have taken after learning that it had been the victim of a fraudulent scheme carried out by Menaged, which the Receiver has referred to in his reports as the First Fraud. The complaint also alleges that Beauchamp and Clark Hill helped Chittick

breach fiduciary duties he owed to DenSco and its investors. The damages DenSco seeks include losses suffered on loans made to Menaged and his entities after DenSco learned of the First Fraud.

On November 15, 2017, the Court granted the defendants an extension of the deadline to respond to the Receiver's complaint. During the first quarter of 2018, Special Counsel expects that Beauchamp and Clark Hill will answer the complaint, a pre-trial schedule will be established, and discovery will begin.

#### **2.6.2. DenSco claims against Financial Institutions**

The Receiver has determined that DenSco may hold significant claims against certain financial institutions including JP Morgan Chase Bank, NA ("Chase") and US Bank, NA ("US Bank") for their participation in Menaged's massive fraudulent loan scheme upon DenSco.

As discussed in **Section 3.2** of the Receiver's December 23, 2016 Status Report, Chittick began requiring Menaged to provide DenSco with copies of the cashier's checks issued to the trustees as well as copies of the receipts received from the trustee for the purchase of a property at a trustee's sale. However as part of the Second Fraud, Menaged began providing Chittick with falsified trustee's sale receipts and copies of cashier's checks that were never actually given to the trustees. Instead, most of the cashier's checks were deposited back to Easy or AHF bank accounts.

The Receiver has since learned that after Menaged took a picture of each cashier's check to send to DenSco, he returned to the financial institution to cancel the cashier's check, typically only a few hours after the cashier's check was issued. The Receiver's analysis of Menaged's bank accounts revealed that Menaged procured at least 1,383 legitimate cashier's checks totaling \$319,292,828, including 1,340 cashier's checks from Chase and 43 cashier's checks from US Bank, during the period from January 2014 through June 2015.

Accordingly, on September 19, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Bergin Frakes Smalley & Oberholtzer, PLLC to Represent the Receiver as Special Counsel* (see Petition No. 36) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of claims against financial institutions who allowed Menaged to issue and cancel the cashier's checks used to defraud DenSco. The Court signed the *Order Re: Petition No. 36* approving the engagement of special counsel Bergin Frakes Smalley & Oberholtzer, PLLC on October 18, 2017.

The attorneys at Bergin Frakes Smalley & Oberholtzer, PLLC, who have significant experience in the areas of banking and banking regulation and can not only assist the Receiver in the investigation of DenSco's potential claims, but also provide sound advice and counsel to the Receiver in all aspects of potential legal claims and possible remedies that may arise from actions or omissions of Chase and/or US Bank.

Bergin Frakes Smalley & Oberholtzer, PLLC has completed its preliminary investigation into DenSco's potential claims against Chase Bank and US Bank and has submitted a memorandum

to the Receiver setting forth its findings and recommendations and continues to investigate the potential claims.

### **2.6.3. DenSco claims against Active Funding Group, LLC**

The Receiver has determined that DenSco may hold claims against Active Funding Group, LLC and its principals (collectively, "Active") for their participation in Menaged's fraudulent loan scheme upon DenSco.

As discussed in **Section 3.1** of the Receiver's December 23, 2016 Status Report, in approximately 2011, Menaged began requesting loans from DenSco for properties on which he had also solicited other lenders for loans. In an effort to deceive both lenders, Menaged essentially obtained two loans on hundreds of properties with the lenders believing that they were in first position. The Receiver refers to this fraud scheme perpetrated by Menaged as the "First Fraud."

The Receiver has since learned that after Active uncovered Menaged's scheme to defraud DenSco and other lenders, Active worked in concert with Menaged by taking actions to protect its historical loans to Menaged and enabling him to continue to defraud DenSco, while ensuring that Active's future loans to Menaged were secured by first position liens.

Accordingly, on November 22, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Ajamie, LLP to Represent the Receiver as Special Counsel* (see Petition No. 45) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of claims against Active. This petition is currently pending before the Court.

The attorneys at Ajamie, LLP have significant experience in the areas of complex commercial and financial fraud litigation and can not only assist the Receiver in the investigation of DenSco's potential claims, but also provide sound advice and counsel to the Receiver in all aspects of potential legal claims and possible remedies that may arise from actions or omissions of Active.

Ajamie, LLP is in the process of investigating DenSco's potential claims and preparing a detailed memorandum of these claims with an estimation of the probable costs to pursue such claims. Upon receipt of this memorandum and after the Court's approval of Petition No. 45, the Receiver will determine if it is appropriate to pursue DenSco's claims against Active.

### **2.6.4. Claims to Funds Seized and Forfeited from Joseph Menaged**

On November 27, 2017, the Federal District Court entered an Order preliminarily forfeiting \$709,405.40 that was seized by the United States from a bank account in the name of Joseph Menaged. The Receiver believes these funds are directly traceable to DenSco monies misappropriated by Menaged. The Receiver will be undertaking efforts to recover these funds for the benefit of the DenSco Receivership.

## **2.7. Other Investigations**

As part of the Receiver's ongoing investigation of the frauds perpetrated by Menaged upon DenSco and related matters, the Receiver is preparing a comprehensive analysis of the sources and uses of funds flowing through Menaged's personal and business bank accounts. The Receiver subpoenaed various banks and has received numerous bank statements, cancelled checks, deposits details, and other records for the bank accounts held by Menaged and his entities. The Receiver continues to receive and follow up regarding missing documentation that is necessary to identify and categorize certain transactions and complete his investigation.

The Receiver believes that this investigation, although a significant and time-consuming undertaking, is necessary to be able to understand and communicate the disposition of DenSco funds lent to Menaged. While the Receiver is hopeful that his investigation will help to identify additional potential sources of recovery for the benefit of DenSco's creditors, it is unclear if the investigation will lead to any recoveries. Moreover, the Receiver is continuing to investigate the civil liability of other third parties who may have assisted Menaged in the series of fraudulent schemes that were perpetrated upon DenSco. The Receiver intends to explore all avenues for potential monetary recoveries from these third parties.

## **2.8. Investor Communications**

On December 23, 2016, the Receiver provided an electronic copy of the Receiver's December 23, 2016 Status Report to all DenSco investors via email.

On January 3, 2017, the Receiver sent an email update to investors providing notice of the rescheduled deposition of Veronica Castro, addressing recent inquiries in response to the Receiver's December 23, 2016 Status Report, and reminding investors to case developments via the DenSco receivership website.

On March 7, 2017, the Receiver sent an email update to investors providing a brief status report regarding the Furniture King receivership, collections to date, Menaged's bankruptcy, the Receiver's analysis of Menaged's bank records, and the claims process. Investors were also informed that the Receiver would not be issuing 1099 forms for 2016, as all "interest" payments by DenSco actually represented the return of principal.

On April 17, 2017, the Receiver sent an email update to investors providing a brief status report regarding collections to date, the claims process, a proposed investor meeting, the rescheduled hearing regarding the Chittick Estate's Petition No. 11, the retention of special counsel, the Furniture King receivership, the sale of the Potter Property, and the Receiver's ongoing analysis of Menaged's bank records.

On May 3, 2017, the Receiver's counsel conducted a private meeting with a select group of DenSco investors who were tasked with communicating general developments to the larger investor group. Investors' worked independently to determine which investors would participate in this meeting. One of the investors prepared and circulated a summary of this meeting to the other investors via email on May 5, 2017.

On May 26, 2017, the Receiver notified investors via email that Menaged was charged with a series of crimes and had been arrested. The Receiver provided investors with an electronic copy of Menaged's indictment as well as a link to initial news coverage.

On August 2, 2017, the Receiver sent an email to all claimants who submitted a proof of claim in the DenSco Receivership, providing a copy of the Receiver's *List of Filed Claims* and the Receiver's *Claims Report and Recommendations*, as well as a cover letter containing instructions for filing objections to the Receiver's recommendations and/or any other claim set forth therein. The Receiver sent additional private correspondence to investors whose claims were approved for amounts that differ from the amounts stated on their proof of claim forms, including a schedule setting forth how approved claims were calculated and details of the underlying investment transactions.

On October 24, 2017, the Receiver notified investors via email that Menaged had entered a plea agreement in the criminal case against him. The Receiver provided investors with electronic copies of the Government's information statement and the plea agreement (see **Section 2.3.3** above).

On November 14, 2017, the Receiver provided investors an electronic copy of the Receiver's *Petition to Approve First Interim Distribution to Creditors*. The Receiver requested that investors provide notice of special payment instructions for IRA account holders and/or any changes to their mailing address.

Finally, as discussed in **Section 2.3.3** above, on December 7, 2017, the Receiver notified investors via email of the opportunity to attend and/or speak at Menaged's sentencing hearing and to provide written victim impact statements to the Court.

In addition to the investor communications discussed above, the Receiver continues to update the receivership website at [denscoreceiver1.godaddysites.com](http://denscoreceiver1.godaddysites.com). Visitors to DenSco's original website ([denscoinvestment.com](http://denscoinvestment.com)) are automatically redirected to the receivership website. The receivership website is regularly updated to include links to both historical and recent Court filings in the DenSco and Furniture King Receivership proceedings, the Chittick probate proceeding, and the Menaged bankruptcy proceeding.

### **3. Receivership Accounting**

As of the date of this report, the Receiver has collected a total of \$7,679,628.66 and has disbursed a total of \$6,286,226.36, resulting in a current balance of \$1,393,402.30 as summarized in **Table 2** below. Details of the cash collections and disbursements to date are provided below in **Section 3.1** and **Section 3.2** respectively and listed in detail at **Exhibit 1** to this report.

**Table 2:**  
**Summary of Current Cash Balances**  
**As of December 22, 2017**

<b>Bank Account Description</b>	<b>Balance</b>
Wells Fargo Bank - Checking	\$ 136,590.68
Wells Fargo Bank - Savings	95,098.09
National Bank of Arizona - Money Market	240,175.49
Arizona Business Bank - Insured Cash Sweep	671,538.04
Arizona Business Bank - Checking	250,000.00
<b>Total Cash Balance</b>	<b>\$ 1,393,402.30</b>

### 3.1. Collections to Date

The Receiver has collected a total of \$7,679,628.66 on behalf of the DenSco Receivership Estate as of the date of this report, as summarized as in Table 3 below.

**Table 3:**  
**Summary of Cash Collections**  
**As of December 22, 2017**

<b>Description</b>	<b>Amount</b>	<b>Reference</b>
<b><u>DenSco Collections:</u></b>		
FirstBank Account Balance as of 08/18/16	\$ 1,380,653.91	See 09/19/16 Preliminary Report - Section 3.1.1
Cash Collected from the Chittick Estate	551,140.00	See 09/19/16 Preliminary Report - Section 3.1.2
Ponzi Winner Settlement Proceeds [RESTRICTED]	14,712.40	See Section 2.5.1 above
DenSco Office Furniture Sale Proceeds	31.87	See 12/23/16 Status Report - Section 7.1.3
Marcopa County Recorder's Office Refund	226.00	
Interest Income	8,573.28	
Loan Proceeds		
Principal	4,640,055.81	
Interest & Fees	452,173.50	
Subtotal Loan Proceeds	5,092,229.31	See Section 2.1.1 above
<b>Total DenSco Recoveries</b>	<b>7,047,566.77</b>	
<b><u>Managed-Related Collections:</u></b>		
Potter Property - Net Sale Proceeds [RESTRICTED]	245,223.63	See Section 2.1.2.5 above
Raintree #1004 Property - Net Sale Proceeds	43,122.09	See Section 2.1.2.3 above
Winter Property - Net Sale Proceeds	34,986.02	See Section 2.1.2.2 above
Marilyn Property Proceeds Received from Easy Investments	35,066.73	See 12/23/16 Status Report - Section 7.1.1
Furniture King Receivership [RESTRICTED]		
Gross Sale/Auction Proceeds	272,577.22	
Cash from Pre-Receiver's Bank Account	951.43	
Miscellaneous Vendor Refunds	134.77	
Subtotal Furniture King Receivership	273,663.42	See Section 2.3.1 above
<b>Total Managed-Related Recoveries</b>	<b>632,061.89</b>	
<b>Total Cash Collected</b>	<b>\$ 7,679,628.66</b>	

### 3.2. Disbursements to Date

The Receiver has disbursed a total of \$6,286,226.36 on behalf of the DenSco Receivership Estate as of the date of this report, as summarized as in Table 4 and discussed in further detail below.

**Table 4:**  
**Summary of Cash Disbursements**  
**As of December 22, 2017**

Description	Amount	Reference
<b><u>DenSco Disbursements:</u></b>		
Investor Distributions	4,423,519.72	See Section 2.2 above
Professional Fees (Aug 2016-Aug 2017)		
Receiver's Firm - Simon Consulting, LLC	610,353.43	See Periodic Petitions for Professional Fees
Receiver's Counsel - Guttilla Murphy Anderson, PC	662,986.48	See Periodic Petitions for Professional Fees
Special Counsel - Snell & Wilmer, LLP	120,920.50	See Periodic Petitions for Professional Fees
Special Counsel - Frazer Ryan Goldberg & Arnold, LLP	100,826.25	See Periodic Petitions for Professional Fees
Special Counsel - Osborn Maledon, PA	20,000.00	See Petition No. 31
Gammage & Burnham, PLC	42,302.25	See Petition No. 7
Subtotal Professional Fees	1,557,388.91	
Document Processing & Record Requests	9,580.52	See Section 3.2.1 below
Advertising Expenses	4,770.00	See Section 3.2.2 below
Bank Service Charges & Wire Fees	3,394.37	
Bond Expenses	1,000.00	See Section 3.2.3 below
Federal Taxes Withheld from Interest Income	6.64	
<b>Total DenSco Disbursements</b>	<b>5,999,660.16</b>	
<b><u>Managed-Related Disbursements:</u></b>		
IT Forensic Fees - Forensics Consulting Solutions	48,506.25	See Section 3.2.4 below
Foreclosure Expenses - Fredenberg Beams	11,214.43	See Petition No. 4
Potter Property - Insurance, HOA Dues, Taxes, Maintenance	10,088.14	See Section 2.1.2.5 above
Ramtree Unit 1004 Property - Insurance, HOA Dues	3,330.00	See Section 2.1.2.3 above
Winter Property - Insurance	1,401.35	See Section 2.1.2.2 above
Furniture King Receivership		
Rent Expenses	118,301.55	
Auctioneer Commissions & Advertising Expenses	54,217.58	
Furniture Moving Expenses	24,613.50	
Pre-Receiver's Payroll Expenses	8,438.40	
Insurance Expenses	6,340.00	
Arizona Corporation Commission Fees	115.00	
Subtotal Furniture King Receivership	212,026.03	See Section 2.3.1 above
<b>Total Managed-Related Disbursements</b>	<b>286,566.20</b>	
<b>Total Cash Disbursed</b>	<b>\$ 6,286,226.36</b>	

### 3.2.1. Document Processing and Record Requests

The Receiver disbursed a total of \$9,580.52 for document processing and record requests, including (1) \$9,218.41 paid to Altep California, LLC for processing and imaging documents received via subpoena; (2) \$250 paid to the United States Treasury for copies of DenSco's tax returns; (3) \$68.11 paid to Preston CPA, PC for copies of DenSco's tax files; and (4) \$44 paid to FirstBank for copies of selected bank statements and transaction details.

### 3.2.2. Advertising Expenses

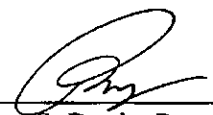
Pursuant to Section 2.2 of the Court's *Order Establishing Procedures for the Adjudication of Claims*, the Receiver was required to publish a copy of the corresponding Notice in a publication with national circulation. Accordingly, the Receiver disbursed \$4,770 to Guttilla Murphy Anderson, PC to reimburse the Receiver's counsel for publishing the required advertisement regarding the claims process in the USA Today newspaper.

### 3.2.3. Bond Expenses

Pursuant to Section 2 of the Court's Order Appointing Receiver, the Receiver is required to file with the Clerk of the Court a bond in the sum of \$100,000 to assure his conscientious performance of the duties and responsibilities imposed by the Order. Accordingly, the Receiver filed the Notice of Filing Bond of Receiver on August 19, 2016. The Receiver disbursed a total of \$1,000 to Southwest Bond Services, Inc. in payment of the initial bond premium and subsequent renewal.

### 3.2.4. IT Forensic Fees

The Receiver retained Forensics Consulting Solutions, LLC ("FCS") to provide computer forensics and electronic discovery services to retrieve data from electronic devices obtained from Menaged, including two (2) computers and one (1) iPhone, as well as Menaged's AOL email account. The Receiver disbursed a total of \$48,506.25 to FCS for these services, including the initial extraction of the data, storage and hosting fees, external storage devices, project management, and extensive data processing services.

  
\_\_\_\_\_  
Peter S. Davis, Receiver  
Simon Consulting, LLC

December 22, 2017  
\_\_\_\_\_  
Date



DenSco Investment Corporation  
Receivables Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
Wells Fargo Checking Account 6124										
WF 6124	08/24/16	Deposit	1357640	First Bank	Balance of 1st Bank acct 5264 as of 08/18/16	Densco/Admin	Transfer from Pre-Receiptship Acct.	1,380,653.91		1,380,653.91
WF 6124	08/24/16	Deposit	1357640	Black Forest, LLC	Loan payoff wired to pre-receivables acct 08/19/16	Densco/Loans	Loan 7965 - 1218 W 15th	165,000.00		1,545,653.91
WF 6124	08/24/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 8031 - 15202 N 28th	Densco/Loans	Loan 8031 - 15202 N 28th	137,115.00		1,682,768.91
WF 6124	08/24/16	Deposit	Wire	AZ Home Buyer, LLC	Payoff of Loan 8108 - 2448 W Kiva	Densco/Loans	Loan 8108 - 2448 W Kiva	121,287.39		1,804,056.30
WF 6124	08/24/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 8031 - 15202 N 28th	Densco/Loans	Loan 8031 - 15202 N 28th	3,702.24		1,807,758.54
WF 6124	08/24/16	Deposit	1357640	Black Forest, LLC	Loan payoff wired to pre-receivables acct 08/19/16	Densco/Loans	Loan 7965 - 1218 W 15th	3,032.50		1,810,791.04
WF 6124	08/24/16	Deposit	1357640	AKS, LLC	Interest dep to pre-receivables acct 08/23/16	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		1,813,041.04
WF 6124	08/24/16	Deposit	1357640	J and J Marketing, LLC	Interest wired to pre-receivables acct 08/23/16	Densco/Loans	Loan 3853 - 7126 W Glenrosa	750.00		1,813,811.04
WF 6124	08/24/16	Deposit	Wire	AZ Home Buyer, LLC	Payoff of Loan 8108 - 2448 W Kiva	Densco/Loans	Loan 8108 - 2448 W Kiva	303.22		1,814,114.26
WF 6124	08/24/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,814,099.26
WF 6124	08/24/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,814,084.26
WF 6124	08/25/16	Deposit	Cash	Estate of Denny Chittick	Cash from the Vault - Bank Correction	Densco/Admin	Cash from Chittick Estate	551,040.00		2,365,124.26
WF 6124	08/25/16	Deposit	Cash	Estate of Denny Chittick	Cash from the Vault - Bank Correction	Densco/Admin	Cash from Chittick Estate	100.00		2,365,224.26
WF 6124	08/26/16	Check	1001	First Bank	DenSco Bank Records	Densco/Admin	Document Processing & Record Req			2,365,224.26
WF 6124	08/26/16	Check	1002	DenSco Investment Corp.	Transfer to AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Cktg 9290	500,000.00		1,865,224.26
WF 6124	08/26/16	Check	1003	DenSco Investment Corp.	Transfer to Natl Bank of AZ	Densco/Admin	Transfer - Natl Bank of AZ Svcs 3910	1,625,224.26		2,365,224.26
WF 6124	08/29/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 7694 - 6713 E Palm	Densco/Loans	Loan 7694 - 6713 E Palm	221,220.84		1,846,445.10
WF 6124	08/29/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 7694 - 6713 E Palm	Densco/Loans	Loan 7694 - 6713 E Palm	5,862.35		1,852,307.45
WF 6124	08/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,852,292.45
WF 6124	08/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,852,277.45
WF 6124	08/30/16	Deposit	Wire	Stewart Title & Trust	Payoff of Loan 8070 - 10449 W Echo	Densco/Loans	Loan 8070 - 10449 W Echo	1,972,292.45		1,974,569.90
WF 6124	08/30/16	Deposit	1078	Rimovsey Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		1,978,019.90
WF 6124	08/30/16	Deposit	Wire	Stewart Title & Trust	Payoff of Loan 8070 - 10449 W Echo	Densco/Loans	Loan 8070 - 10449 W Echo	2,820.00		1,980,839.90
WF 6124	08/30/16	Deposit	2273	JJ Miller Arizona, LLC	Interest on Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	2,400.00		1,983,239.90
WF 6124	08/30/16	Check	EFT	Harland Clarke	Check Order	Densco/Admin	Bank Service Charges	70.87	70.87	1,983,169.03
WF 6124	08/30/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,983,153.03
WF 6124	08/31/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,983,138.03
WF 6124	08/31/16	Check	1005	Southwest Bond Services, Inc.	Cash Deposited Fee	Densco/Admin	Bank Service Charges	1,979,246.08		1,981,225.08
WF 6124	09/04/16	Check	1004	DenSco Investment Corp.	Bond No. 41349738	Densco/Admin	Receivables Bond	1,978,746.08		1,979,479.08
WF 6124	09/08/16	Deposit	1328	Robert Humbug	Transfer to AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Cktg 9290	500.00	1,900,000.00	79,476.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Interest on Loan 8007 - 3219 E Saint John	Densco/Loans	Loan 8007 - 3219 E Saint John	260,000.00		79,246.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7400 - 8220 E Indiana	Densco/Loans	Loan 7400 - 8220 E Indiana	218,015.00		348,261.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7320 - 2621 E Virginia	Densco/Loans	Loan 7320 - 2621 E Virginia	208,510.00		556,771.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 6808 - 8106 E Cypress	Densco/Loans	Loan 6808 - 8106 E Cypress	79,900.00		636,671.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	72,015.00		708,686.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 8043 - 10009 W Thunderbird	Densco/Loans	Loan 8043 - 10009 W Thunderbird	953,671.08		1,662,357.16
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7400 - 8220 E Indiana	Densco/Loans	Loan 7400 - 8220 E Indiana	1,210.50		1,663,567.66
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7320 - 2621 E Virginia	Densco/Loans	Loan 7320 - 2621 E Virginia	981.09		1,664,548.75
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 6808 - 8106 E Cypress	Densco/Loans	Loan 6808 - 8106 E Cypress	938.34		1,665,487.09
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	445.50		1,665,932.59
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	359.55		1,666,292.14
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 8043 - 10009 W Thunderbird	Densco/Loans	Loan 8043 - 10009 W Thunderbird	324.09		1,666,616.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,601.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,586.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,571.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,556.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,541.23
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,666,526.23
WF 6124	09/19/16	Deposit	1361873	Equivorth, LLC	Loan payoff wired to pre-receivables acct 08/30/16	Densco/Loans	Loan 7964 - 1720 E Windson	216,000.00		1,882,526.23
WF 6124	09/19/16	Deposit	1361873	Equivorth, LLC	Loan payoff wired to pre-receivables acct 08/30/16	Densco/Loans	Loan 7964 - 1720 E Windson	5,184.00		1,887,710.23
WF 6124	09/19/16	Deposit	740306177	Miller 401K Profit Sharing	Interest on Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	2,450.00		1,890,160.23
WF 6124	09/19/16	Deposit	9453724707	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		1,892,410.23
WF 6124	09/19/16	Deposit	1361873	Blus, Water Capital, LLC	Interest dep to pre-receivables acct 08/26/16	Densco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		1,893,685.23

DenSCO Investment Corporation  
Receivables Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Mem	Class	Category	Deposit	Withdrawal	Balance
WF 6124	09/19/16	Deposit	1363678	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	Densco/Loans	Loan 2566 - 4021 E Moreland	480.00		1,257,444.15
WF 6124	09/19/16	Deposit	1363678	First Bank	Bank did not receive check 1001 for checks/wires	Densco/Adm	Document Processing & Record Req		44.00	1,257,400.15
WF 6124	09/22/16	Check	1006	Atlantic Relocation Systems	Relocate furniture from 5905 W Bell to new w/hs.	Managed/FK	FK Expenses - Moving		6,172.00	1,251,228.15
WF 6124	09/22/16	Deposit	Wire	Miller 401K Profit Sharing	Payoff of Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	160,000.00		1,411,228.15
WF 6124	09/22/16	Deposit	Wire	Miller 401K Profit Sharing	Payoff of Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	800.00		1,412,028.15
WF 6124	09/22/16	Check	1007	Black Forest, LLC	Loan 8031 - Refund Interest Overpaid at Payoff	Densco/Loans	Loan 8031 - 15202 N 28th		2,057.00	1,409,971.15
WF 6124	09/22/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,409,956.15
WF 6124	09/23/16	Deposit	Wire	Chopper Construction, LLC	Payoff of Loan 7851 - 7535 E Mercer	Densco/Loans	Loan 7851 - 7535 E Mercer	75,000.00		1,484,956.15
WF 6124	09/23/16	Deposit	Wire	Chopper Construction, LLC	Payoff of Loan 7851 - 7535 E Mercer	Densco/Loans	Loan 7851 - 7535 E Mercer	3,375.00		1,488,331.15
WF 6124	09/23/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,488,316.15
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 7471 - 2686 N 43rd C28	Densco/Loans	Loan 7471 - 2686 N 43rd C28	31,500.00		1,519,816.15
WF 6124	09/27/16	Deposit	Wire	KATU, LLC	Payoff of Loan 7123 - 2660 N 43rd D15	Densco/Loans	Loan 7123 - 2660 N 43rd D15	29,000.00		1,548,816.15
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 4617 #2 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	26,000.00		1,574,816.15
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 4617 #1 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	10,000.00		1,584,816.15
WF 6124	09/27/16	Deposit	Wire	KATU, LLC	Payoff of Loan 7123 - 2660 N 43rd D15	Densco/Loans	Loan 7123 - 2660 N 43rd D15	1,132.50		1,585,968.65
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 4617 #2 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	936.00		1,586,904.65
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 7471 - 2686 N 43rd C28	Densco/Loans	Loan 7471 - 2686 N 43rd C28	834.75		1,587,739.40
WF 6124	09/27/16	Deposit	Wire	Sanjel Krum Investments	Payoff of Loan 4617 #1 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	400.00		1,588,139.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,124.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,109.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,094.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,079.40
WF 6124	09/28/16	Deposit	Wire	Opentiver, LLC	Payoff of Loan 7853 - 1310 E Gwen	Densco/Loans	Loan 7853 - 1310 E Gwen	210,000.00		1,798,079.40
WF 6124	09/28/16	Deposit	Wire	Opentiver, LLC	Payoff of Loan 7853 - 1310 E Gwen	Densco/Loans	Loan 7853 - 1310 E Gwen	8,925.00		1,807,004.40
WF 6124	09/28/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,806,989.40
WF 6124	09/29/16	Deposit	Wire	Equumworth, LLC	Payoff of Loan 8082 - 3332 E Blackhawk	Densco/Loans	Loan 8082 - 3332 E Blackhawk	205,400.00		2,012,389.40
WF 6124	09/29/16	Deposit	Wire	Equumworth, LLC	Payoff of Loan 8082 - 3332 E Blackhawk	Densco/Loans	Loan 8082 - 3332 E Blackhawk	7,907.90		2,020,297.30
WF 6124	09/29/16	Check	1008	Atlantic Relocation Systems	Relocate furniture from 5905 W Bell to new w/hs.	Merged/FK	FK Expenses - Moving		8,565.50	2,011,731.80
WF 6124	09/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,011,716.80
WF 6124	09/30/16	Deposit	1080	Rimovky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		2,015,166.80
WF 6124	09/30/16	Deposit	9191930419	Michael Terrell	Interest on Loan 8110 - 11468 W Madison Ellise	Densco/Loans	Loan 8110 - 11468 W Madison Ell	1,920.00		2,017,086.80
WF 6124	09/30/16	Deposit	732506154	Blue Water Capital, LLC	Interest on Loan 8038 - 11320 E Broadway	Densco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		2,018,361.80
WF 6124	10/03/16	Deposit	Wire	Michael Terrell	Payoff of Loan 8110 - 11468 W Madison Ell	Densco/Loans	Loan 8110 - 11468 W Madison Ell	128,000.00		2,146,361.80
WF 6124	10/03/16	Deposit	Wire	Michael Terrell	Payoff of Loan 8110 - 11468 W Madison Ell	Densco/Loans	Loan 8110 - 11468 W Madison Ell	2,163.99		2,148,525.79
WF 6124	10/03/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,148,510.79
WF 6124	10/04/16	Deposit	Wire	Global Quest, Inc.	Payoff of Loan 8111 - 707 W Rawhide	Densco/Loans	Loan 8111 - 707 W Rawhide	75,000.00		2,223,510.79
WF 6124	10/04/16	Deposit	1334	Robert Humbug	Interest on Loan 8007 - 3219 E Saint John	Densco/Loans	Loan 8007 - 3219 E Saint John	3,450.00		2,226,960.79
WF 6124	10/04/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,227,460.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	Densco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		2,229,177.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	Densco/Loans	Loan 5046 - 1606 W Culver	1,125.00		2,230,302.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	Densco/Loans	Loan 5051 - 1017 N Los Robles	2,231,427.79		2,232,529.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	Densco/Loans	Loan 8083 - 110 N 2nd	1,125.00		2,233,654.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Chardon	Densco/Loans	Loan 5048 - 6307 W Chardon	900.00		2,234,554.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	Densco/Loans	Loan 5050 - 9613 N 10th	750.00		2,235,304.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 6418 - 23210 S Sossaman	Densco/Loans	Loan 6418 - 23220 N 69th	750.00		2,236,054.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	Densco/Loans	Loan 7359 - 2615 E Portland	750.00		2,236,804.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	Densco/Loans	Loan 5052 - 4604 N 9th	600.00		2,237,404.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	Densco/Loans	Loan 6796 - 215 S 5th	525.00		2,237,929.79
WF 6124	10/07/16	Deposit	9453724936	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		2,239,879.79
WF 6124	10/17/16	Deposit	607606002	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	Densco/Loans	Loan 7342 - 2021 W Adam	675.00		2,240,502.79

**DenSeco Investment Corporation  
Receivables Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017**

**Exhibit 1**

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	10/20/16	Deposit	Wire	Robert Humburg	Payoff of Loan 8007 - 3219 E Saint John	DenSeco/Loans	Loan 8007 - 3219 E Saint John	25,000.00		2,265,502.79
WF 6124	10/20/16	Deposit	Wire	Robert Humburg	Payoff of Loan 8007 - 3219 E Saint John (refund overpaid int.)	DenSeco/Loans	Loan 8007 - 3219 E Saint John		125.00	2,265,577.79
WF 6124	10/20/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	2,265,562.79
WF 6124	10/28/16	Check	1010	Simon Consulting, LLC	August 2016 Receivables Fees	DenSeco/Admin	Receivables Fees		36,977.46	2,228,435.33
WF 6124	10/28/16	Check	1011	Gentilia Murphy Anderson, PC	August 2016 Receivables Fees	DenSeco/Admin	Legal Fees		60,050.62	2,168,384.71
WF 6124	10/31/16	Deposit	1143	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		2,171,834.71
WF 6124	10/31/16	Deposit	698202877	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		2,173,559.71
WF 6124	10/31/16	Deposit	732506272	Blue Water Capital, LLC	Interest on Loan 8038 - 11320 E Broadway	DenSeco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		2,174,834.71
WF 6124	10/31/16	Deposit	47380315	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	480.00		2,175,314.71
WF 6124	10/31/16	Deposit	886836	City of Glendale	City of Glendale - Check to Furniture King	Managed/FK	FK Income - Misc. Vendor Refunds	105.43		2,175,420.14
WF 6124	10/31/16	Deposit	4749182	American Modern Select Ins. Co.	American Modern Select Ins. Co. - Check to Scott's Fine Furniture	Managed/FK	FK Income - Misc. Vendor Refunds	29.34		2,175,449.48
WF 6124	11/01/16	Check	1012	Atlantic Relocation Systems	Relocate furniture from Goodyear store to new wrls.	Managed/FK	FK Expenses - Moving	9,876.00		2,165,573.48
WF 6124	11/09/16	Check	1013	Seneca Insurance Company, Inc.	Policy No. RMP4700019 - Commercial Package	Managed/FK	FK Expenses - Insurance	3,955.00		2,161,618.48
WF 6124	11/09/16	Check	1014	Seneca Insurance Company, Inc.	Policy No. RUP4700003 - Commercial Umbrella	Managed/FK	FK Expenses - Insurance	507.00		2,161,111.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 10/01/16-10/31/16	Managed/FK	FK Expenses - Rent	5,648.00		2,155,463.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 11/01/16-11/30/16	Managed/FK	FK Expenses - Rent	5,648.00		2,149,815.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 09/19/16-09/30/16	Managed/FK	FK Expenses - Rent	2,259.12		2,147,556.36
WF 6124	11/09/16	Check	1016	DenSeco Investment Corp.	Transfer to AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckt 9290	2,000,000.00		147,556.36
WF 6124	11/10/16	Deposit	1366	Daniel Smith	Payoff of Loan 7855 - 4003 W South Wind	DenSeco/Loans	Loan 7855 - 4003 W South Wind	30,900.00		178,456.36
WF 6124	11/10/16	Deposit	607606250	CNT Real Estate Investments	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		183,706.36
WF 6124	11/10/16	Deposit	1366	CNT Real Estate Investments	Payoff of Loan 7855 - 4003 W South Wind	DenSeco/Loans	Loan 7855 - 4003 W South Wind	1,125.00		184,831.36
WF 6124	11/10/16	Deposit	491931302	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	480.00		185,311.36
WF 6124	11/10/16	Deposit	5003	Denny Chittick Estate	Office Furniture Sale Proceeds	DenSeco/Admin	Office Furniture Sale Proceeds	31.87		185,343.23
WF 6124	11/10/16	Check	1017	Hassett Insurance, Inc.	1605 W Winter Dr - Property Insurance	Managed/Loans	Property Expenses - Insurance	2,737.00		182,606.23
WF 6124	11/21/16	Deposit	1003	J and J Marketing, LLC	Interest on Loan 3835 - 7126 W Glenrosa	DenSeco/Loans	Loan 3835 - 7126 W Glenrosa	3,200.00		185,806.23
WF 6124	11/22/16	Deposit	1149	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		189,256.23
WF 6124	11/22/16	Deposit	9453725.49	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	DenSeco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		191,506.23
WF 6124	11/22/16	Deposit	607606106	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	675.00		192,181.23
WF 6124	11/23/16	Deposit	Wire	Peak Equity, LLC	Payoff of Loan 5486 - 11 Spur Circle	DenSeco/Loans	Loan 5486 - 11 Spur Circle	120,095.60		312,276.83
WF 6124	11/23/16	Deposit	Wire	Peak Equity, LLC	Payoff of Loan 5486 - 11 Spur Circle	DenSeco/Loans	Loan 5486 - 11 Spur Circle	318,041.33		318,041.33
WF 6124	11/23/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	6,664.50		318,942.33
WF 6124	11/29/16	Deposit	Wire	Empire Legacy Investments	Payoff of Loan 8114 - 6702 W Merrill	DenSeco/Loans	Loan 8114 - 6702 W Merrill	120,000.00		438,926.33
WF 6124	11/29/16	Deposit	Wire	Selman Walker, PLC	Proceeds from 2048 E Marilyn Ave property per 11/23/16 Shp.	Managed/Loans	Easy - Marilyn Ppty Proceeds	35,066.73		473,993.06
WF 6124	11/29/16	Deposit	Wire	Empire Legacy Investments	Payoff of Loan 8114 - 6702 W Merrill	DenSeco/Loans	Loan 8114 - 6702 W Merrill	7,800.00		481,793.06
WF 6124	11/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	15.00		481,778.06
WF 6124	11/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	15.00		481,763.06
WF 6124	11/30/16	Deposit	Wire	Blue Water Capital, LLC	Payoff of Loan 8038 - 11320 E Broadway	DenSeco/Loans	Loan 8038 - 11320 E Broadway	85,000.00		566,763.06
WF 6124	11/30/16	Deposit	Wire	Blue Water Capital, LLC	Payoff of Loan 8038 - 11320 E Broadway	DenSeco/Loans	Loan 8038 - 11320 E Broadway	1,402.50		568,165.56
WF 6124	11/30/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	15.00		568,150.56
WF 6124	12/05/16	Check	EFT	DenSeco Investment Corp.	Transfer to WF Savings	DenSeco/Admin	Transfer - Wells Fargo Savings 6181	500,000.00		56,150.56
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 12/01/16-12/31/16	Managed/FK	FK Expenses - Rent	59,882.28		5,268.28
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 11/01/16-11/30/16	Managed/FK	FK Expenses - Rent	8,207.76		51,674.52
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 10/01/16-10/31/16	Managed/FK	FK Expenses - Rent	43,979.48		51,674.52
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 09/22/16-09/30/16	Managed/FK	FK Expenses - Rent	7,695.04		43,979.48
WF 6124	12/08/16	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	Managed/FK	Bank Service Charges	2,487.92		41,491.56
WF 6124	12/09/16	Deposit	698203524	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		41,488.56
WF 6124	12/09/16	Deposit	698202946	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		46,738.56
WF 6124	12/09/16	Deposit	455879948	Chase Bank	Transfer from Furniture King, LLC - Chase 1381 account balance	Managed/FK	FK Income - Transfer from Chase 1381	951.43		48,463.56
WF 6124	12/09/16	Deposit	455879948	Chase Bank	Transfer from Furniture King, LLC - Chase 1381 account balance	Managed/FK	FK Income - Transfer from Chase 1381	951.43		49,414.99

DenSeco Investment Corporation  
Receivables Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Chgs	Category	Deposit	Withdrawal	Balance
WF 6124	12/09/16	Deposit	698207807	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	675.00		50,089.99
WF 6124	12/09/16	Check	1019	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 12/01/16-12/31/16	Managed/FK	FK Expenses - Rent		5,648.00	44,441.99
WF 6124	12/13/16	Deposit	Wire	Black Forest, LLC	Payoff of Loan 4419 - 8404 E Pinnacle Peak	DenSeco/Loans	Loan 4419 - 8404 E Pinnacle Peak	230,096.98		274,538.97
WF 6124	12/13/16	Transfer	EFT	DenSeco Investment Corp	Transfer from WF Savings	DenSeco/Adm	Transfer - Wells Fargo Savings 6181		200,000.00	474,538.97
WF 6124	12/13/16	Check	1020	Gammage & Burnham, PLC	08/12/16-11/02/16 Receivables Fees	DenSeco/Adm	Legal Fees		42,302.25	432,236.72
WF 6124	12/13/16	Check	1021	Simon Consulting, LLC	September 2016 Receivables Fees	DenSeco/Adm	Receivables Fees		99,190.21	333,046.51
WF 6124	12/13/16	Check	1022	Cutilla Murphy Anderson, PC	September 2016 Receivables Fees	DenSeco/Adm	Legal Fees		78,113.85	254,932.66
WF 6124	12/13/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Adm	Bank Service Charges		15.00	254,917.66
WF 6124	12/13/16	Check	Wire	AKS, LLC	Payoff of Loan 7720 - 2607 W Sunrise	DenSeco/Loans	Loan 7720 - 2607 W Sunrise	150,000.00		404,917.66
WF 6124	12/15/16	Deposit	Wire	AKS, LLC	Payoff of Loan 7720 - 2607 W Sunrise	DenSeco/Loans	Loan 7720 - 2607 W Sunrise	2,975.00		407,892.66
WF 6124	12/15/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Adm	Bank Service Charges		15.00	407,877.66
WF 6124	12/19/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera	DenSeco/Loans	Loan 3190 - 2319 W Aloe Vera	260,000.00		667,877.66
WF 6124	12/19/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera	DenSeco/Loans	Loan 3190 - 2319 W Aloe Vera	22,260.00		690,137.66
WF 6124	12/19/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Adm	Bank Service Charges		15.00	690,122.66
WF 6124	12/20/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera (late fees)	DenSeco/Adm	Bank Service Charges	1,560.00		691,682.66
WF 6124	12/20/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Adm	Bank Service Charges		15.00	691,667.66
WF 6124	12/20/16	Check	998	J and J Marketing, LLC	Interest on Loan 3835 - 7126 W Glenrosa	DenSeco/Loans	Loan 3835 - 7126 W Glenrosa	900.00		692,567.66
WF 6124	12/21/16	Check	1023	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 01/01/17-01/31/17	Managed/FK	FK Expenses - Rent		5,648.00	686,919.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		2,015.00	684,904.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		1,375.00	683,529.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees		1,024.00	682,505.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		482.40	681,973.26
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		195.00	681,778.26
WF 6124	12/22/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		681,778.26	681,778.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		683,510.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		685,242.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		686,367.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		687,492.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		688,617.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		689,742.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		690,867.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		691,992.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		692,892.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	693,792.26		693,792.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		694,542.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	695,292.26		695,292.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		696,042.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		696,792.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		697,542.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		698,292.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		699,042.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSeco/Loans	Loan 7339 - 2615 E Portland	750.00		699,792.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSeco/Loans	Loan 7339 - 2615 E Portland	700,392.26		700,392.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		700,992.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	525.00		701,517.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	702,042.26		702,042.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		703,774.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	704,899.26		704,899.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		706,024.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	707,149.26		707,149.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	708,049.26		708,049.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	709,799.26		709,799.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		709,549.26

DeaSeo Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		710,299.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	750.00		711,049.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	600.00		711,649.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Loans	Loan 6796 - 215 S 5th	525.00		712,174.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DensCo/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		713,906.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DensCo/Loans	Loan 5046 - 1606 W Culver	1,125.00		715,031.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DensCo/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		716,156.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DensCo/Loans	Loan 7686 - 23210 S Sossaman	900.00		717,281.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Loans	Loan 5048 - 6307 W Clarendon	750.00		718,031.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DensCo/Loans	Loan 5050 - 9613 N 10th	750.00		718,931.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		720,431.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	750.00		721,181.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	600.00		721,781.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	525.00		722,306.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Loans	Loan 6796 - 215 S 5th	525.00		722,831.26
WF 6124	12/24/16	Deposit	5363166	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	DensCo/Loans	Loan 2566 - 4021 E Moreland	480.00		723,311.26
WF 6124	12/29/16	Transfer	1025	DensCo Investment Corp	Transfer from WF Savings	DensCo/Loans	Transfer - Wells Fargo Savings 6181	125,000.00		847,786.26
WF 6124	12/29/16	Check	1025	DensCo Investment Corp	Transfer to AZ Business Bank Checking	DensCo/Loans	Transfer - AZ Bus Bank Cktg 9290	800,000.00		47,786.26
WF 6124	12/30/16	Check	EFT	Wells Fargo Bank	Cash Deposited Fee	DensCo/Loans	Bank Service Charges	38.10		47,748.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DensCo/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		49,480.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DensCo/Loans	Loan 5046 - 1606 W Culver	1,125.00		50,605.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DensCo/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		51,730.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DensCo/Loans	Loan 8083 - 110 N 2nd	52,835.16		53,755.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DensCo/Loans	Loan 7686 - 23210 S Sossaman	900.00		54,655.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Loans	Loan 5048 - 6307 W Clarendon	750.00		55,255.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DensCo/Loans	Loan 5050 - 9613 N 10th	750.00		56,005.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		56,755.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	57,355.16		57,880.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	51,880.16		51,880.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Loans	Loan 6796 - 215 S 5th	6,000.00		51,630.16
WF 6124	01/03/17	Deposit	1026	Forensics Consulting Solutions, LLC	Invoice No. 5620 (less \$2,913.11 discount)	DensCo/Loans	IT Forensic Fees	230.00		43,418.07
WF 6124	01/04/17	Check	1027	United States Treasury	Form 4506 Request for Copy of Tax Return (2011-2011)	DensCo/Loans	Document Processing & Record Req	43,418.07		46,865.07
WF 6124	01/04/17	Check	1028	Predio Management, LLC	27th Ave Warehouse 01/01/17-01/31/17	DensCo/Loans	FK Expenses - Rent	8,212.09		48,677.07
WF 6124	01/05/17	Check	1161	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DensCo/Loans	Loan 5830 - 1412 W South Fork	3,450.00		46,865.07
WF 6124	01/10/17	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	DensCo/Loans	Bank Service Charges	3.00		46,865.07
WF 6124	01/11/17	Transfer	EFT	DensCo Investment Corp	Transfer from WF Savings	DensCo/Loans	Transfer - Wells Fargo Savings 6181	150,000.00		196,865.07
WF 6124	01/11/17	Check	1029	Arizona Corporation Commission	Furniture King LLC (L17038449) - Statement of Chant	DensCo/Loans	FK Expenses - ACC Fees	5.00		196,860.07
WF 6124	01/11/17	Check	1030	Arizona Corporation Commission	Furniture & Electronic King, LLC (L20516797) -	DensCo/Loans	FK Expenses - ACC Fees	5.00		196,855.07
WF 6124	01/11/17	Check	1031	Arizona Corporation Commission	Statement of Change	DensCo/Loans	FK Expenses - ACC Fees	5.00		196,850.07
WF 6124	01/11/17	Check	1032	Simon Consulting, LLC	Scott's Fine Furniture, LLC (L20787149) - Statement	DensCo/Loans	FK Expenses - ACC Fees	69,103.57		127,746.50
WF 6124	01/11/17	Check	1033	Simon Consulting, LLC	of Change	DensCo/Loans	Receivership Fees	71,907.06		127,746.50
WF 6124	01/12/17	Deposit	607602708	Ganelli Murphy Anderson, PC	October 2016 Receivership Fees	DensCo/Loans	Legal Fees	5,250.00		77,157.06
WF 6124	01/12/17	Deposit	607602562	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DensCo/Loans	Loan 8109 - 319 W Sunland	1,725.00		78,882.06
WF 6124	01/12/17	Deposit	607602562	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DensCo/Loans	Loan 7999 - 1227 W Pima	675.00		79,557.06
WF 6124	01/13/17	Deposit	1000	J and J Marketing, LLC	Interest on Loan 7342 - 2021 W Adam	DensCo/Loans	Loan 7342 - 2021 W Adam	750.00		80,307.06
WF 6124	01/13/17	Check	1034	Alec California, LLC	Interest on Loan 3835 - 7126 W Glenrosa	DensCo/Loans	Loan 3835 - 7126 W Glenrosa	699.98		79,607.08
WF 6124	01/18/17	Deposit	EFT	J and J Marketing, LLC	Managing & Bates labeling of US Bank prod. of	DensCo/Loans	Document Processing & Record Req	30,000.00		129,607.08
WF 6124	01/18/17	Deposit	EFT	J and J Marketing, LLC	Managed assets	DensCo/Loans	Loan 3835 - 7126 W Glenrosa	250.00		129,357.08
WF 6124	01/18/17	Check	EFT	Wells Fargo Bank	Payoff of Loan 3835 - 7126 W Glenrosa	DensCo/Loans	Loan 3835 - 7126 W Glenrosa	15.00		129,342.08

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Name	Memo	Class	Category	Deposit	Withdrawal	Balance	
WF 6124	01/25/17	Check	1053	SBKVC Van Buren Industrial, LLC	Managed/FK	FK Expenses - Rent		5,688.00	123,694.08	
WF 6124	01/26/17	Deposit	1165	Rimovsky Investments, LLC	DemoSec/Loans	Loan 5830 - 1412 W South Fork	3,450.00		127,144.08	
WF 6124	01/27/17	Check	1051	Simon Consulting, LLC	DemoSec/Admin	Receivshp Fees		64,915.98	62,228.10	
WF 6124	01/27/17	Check	1052	Guilla Murphy Anderson, PC	DemoSec/Admin	Legal Fees	1,732.00	57,021.76	5,206.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5794 - 2010 N Lindsay	6,938.34		8,063.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5046 - 1606 W Culver	1,125.00		9,188.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		10,313.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 8083 - 110 N 2nd	750.00		11,213.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 7686 - 23210 S Sossaman	900.00		11,663.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5048 - 6307 W Charenton	750.00		12,713.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5050 - 9613 N 10th	750.00		13,463.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 6418 - 2329 N 69th	750.00		14,213.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 7359 - 2615 E Portland	600.00		14,813.34	
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	DemoSec/Loans	Loan 5052 - 4604 N 9th	600.00		15,413.34	
WF 6124	02/02/17	Deposit	36181.51	Justin Moore	DemoSec/Loans	Loan 6796 - 215 S 5th	525.00		15,818.34	
WF 6124	02/06/17	Check	1054	Altrep California, LLC	DemoSec/admin	Document Processing & Record Req	480.00	1,079.46	14,738.88	
WF 6124	02/06/17	Check	1055	Seneca Insurance Company, Inc	Managed/FK	FK Expenses - Insurance		507.00	14,231.88	
WF 6124	02/06/17	Check	1056	Seneca Insurance Company, Inc	Managed/FK	FK Expenses - Insurance		3,955.00	10,276.88	
WF 6124	02/07/17	Transfer	HFT	Densco Investment Corp	DemoSec/Admin	Transfer - Wells Fargo Savings 6181	15,000.00		25,276.88	
WF 6124	02/07/17	Check	1057	Predio Management, LLC	Managed/FK	FK Expenses - Rent	8,276.92	16,999.96	16,999.96	
WF 6124	02/07/17	Check	HFT	Paychex	Managed/FK	FK Expenses - Pre-Recievshp Payroll	6,000.00	10,999.96	10,999.96	
WF 6124	02/07/17	Check	HFT	Paychex	Managed/FK	FK Expenses - Pre-Recievshp Payroll	10,622.46	377.50	10,573.75	
WF 6124	02/07/17	Check	1058	Pestion CPA, PC	Managed/FK	Document Processing & Record Req	48.71	10,573.75	10,570.75	
WF 6124	02/08/17	Check	HFT	Pestion CPA, PC	DemoSec/Admin	Bank Service Charges	3.00	15,820.75	17,454.75	
WF 6124	02/09/17	Deposit	628803848	Daniel Smith	DemoSec/Loans	Loan 8109 - 319 W Sunland	5,250.00		18,220.75	
WF 6124	02/09/17	Deposit	628804846	Daniel Smith	DemoSec/Loans	Loan 7999 - 1227 W Pima	1,725.00		16,159.85	
WF 6124	02/09/17	Deposit	628810842	Daniel Smith	DemoSec/Loans	Loan 7342 - 2021 W Adm	675.00	2,060.90	16,159.85	
WF 6124	02/14/17	Check	HFT	Paychex	Managed/FK	FK Expenses - Pre-Recievshp Payroll			16,159.85	
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85	
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85	
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85	
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85	
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85	
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	1,550.00		13,079.27	
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	1,368.11		11,711.16	
WF 6124	02/22/17	Check	1060	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	5,923.16		5,648.00	
WF 6124	02/22/17	Check	1061	SBKVC Van Buren Industrial, LLC	Managed/FK	FK Expenses - Rent		414.58	5,508.38	
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	291.46	5,217.12	5,052.12	
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	165.00	5,052.12	4,928.34	
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Managed/Loans	Property Expenses - Foreclosure Fees	123.78	4,928.34	4,808.94	
WF 6124	02/27/17	Check	1063	Arizona Corporation Commission	Managed/FK	FK Expenses - AOC Fees	4,828.34	100.00	4,808.94	
WF 6124	02/27/17	Check	1064	Pestion CPA, PC	DemoSec/admin	Document Processing & Record Req	4,808.94	19.40	4,808.94	
WF 6124	03/08/17	Check	HFT	Wells Fargo Bank	DemoSec/dmtn	Bank Service Charges	4,805.94	3.00	10,055.94	
WF 6124	03/09/17	Deposit	698203689	Daniel Smith	DemoSec/Loans	Loan 8109 - 319 W Sunland	5,250.00		15,305.94	
WF 6124	03/09/17	Deposit	698203689	Daniel Smith	DemoSec/Loans	Loan 5830 - 1412 W South Fork	3,450.00		18,755.94	
WF 6124	03/09/17	Deposit	698203689	Daniel Smith	DemoSec/Loans	Loan 7999 - 1227 W Pima	1,725.00		20,480.94	
WF 6124	03/09/17	Deposit	698203689	Daniel Smith	DemoSec/Loans	Loan 7342 - 2021 W Adm	675.00		21,155.94	
WF 6124	03/14/17	Check	1066	Predio Management, LLC	Managed/FK	FK Expenses - Rent		8,207.21	12,948.73	



**DenSeco Investment Corporation**  
**Receivership Bank Account Activity - Transaction Details**  
**August 24, 2016 - December 22, 2017**

**Exhibit 1**

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	03/14/17	Check	1065	United States Treasury	Form 4506 Request for Copy of DBP Tax Return (2010-2014)	DenSeco/Admin	Document Processing & Record Req		250.00	7,448.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 707 E Porter	Managed/Loans	Property Expenses - Foreclosure Fees		135.00	7,313.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees		70.00	7,243.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		45.00	7,198.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		4.02	7,194.71
WF 6124	03/17/17	Check	1068	Hassett Insurance, Inc.	707 E Porter Dr - Property Insurance	Managed/Loans	Property Expenses - Insurance		836.00	6,358.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		8,090.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		9,215.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		10,340.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5083 - 110 N 2nd	DenSeco/Loans	Loan 5083 - 110 N 2nd	1,125.00		11,465.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		12,365.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		13,115.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		13,865.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		14,615.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		15,365.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		15,965.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	575.00		16,540.71
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Loan 8116 - 7815 W Vermont	160,000.00		116,490.71
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Loan 8116 - 7815 W Vermont	12,594.48		129,085.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	15.00		129,070.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	5,648.00		123,422.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	22,244.69		101,177.50
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	76,209.90		24,967.60
WF 6124	03/29/17	Check	1071	Simon Consulting, LLC	January 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	465.00		24,502.60
WF 6124	03/29/17	Check	1072	Frazier Ryan Goldberg & Arnold, LLP	January 2017 Receivables Fees	DenSeco/Admin	Legal Fees	27,952.60		2,550.00
WF 6124	03/30/17	Deposit	1177	Rimovky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		29,045.60
WF 6124	03/30/17	Deposit	283743	Seeca Insurance Company, Inc.	Policy No. RNF4700019 - Premium Refund	Managed/FK	FK Expenses - Insurance	1,095.00		30,777.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,125.00		31,902.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		33,027.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		34,152.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		35,277.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		36,177.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		36,927.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		37,677.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		38,427.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		39,177.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		40,000.00
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	575.00		40,575.00
WF 6124	04/10/17	Check	1073	Predio Management, LLC	27th Ave Warehouse 04/01/17-04/30/17	Managed/FK	FK Expenses - Rent	8,207.21		32,367.79
WF 6124	04/10/17	Check	1074	SBMC Van Buren Industrial, LLC	45th Ave Warehouse 05/01/17-05/31/17	Managed/FK	FK Expenses - Rent	5,648.00		26,719.79
WF 6124	04/12/17	Deposit	4261	Supplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Gross collections	Managed/FK	FK Income - Furniture Sales	30,719.00		57,438.79
WF 6124	04/12/17	Deposit	698203767	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		62,688.79
WF 6124	04/12/17	Deposit	698203164	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,735.00		64,423.79
WF 6124	04/12/17	Deposit	698208487	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	675.00		65,098.79
WF 6124	04/12/17	Deposit	4261	Supplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions	4,607.85		69,706.64
WF 6124	04/12/17	Deposit	4261	Supplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Auction Expenses	Managed/FK	FK Expenses - Auctioneer Expenses	3,545.67		73,252.31
WF 6124	04/17/17	Check	1075	Gutilla Murphy Anderson, PC	Reimbursement - USA Today Advertisement	DenSeco/Admin	Advertising Expense		4,770.00	68,482.31
WF 6124	04/17/17	Check	1076	Fredenberg Beams	Foreclosure Expense - 9102 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees		90.00	68,392.31
WF 6124	04/17/17	Check	1076	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		79.00	68,313.31

**Simon Consulting, LLC  
Arizona Corporation Commission v. DenSeco Investment Corporation**

**DenSeco Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017**

**Exhibit 1**

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	04/26/17	Check	1077	Simon Consulting, LLC	February 2017 Receivership Fees	DenSeco/Admin	Receivership Fees			17,892.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00	32,706.02	19,624.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		20,749.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		21,874.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		22,999.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		23,899.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Chardon	DenSeco/Loans	Loan 5048 - 6307 W Chardon	750.00		24,649.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	25,399.85		25,399.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		26,149.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	26,899.85		26,899.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		27,499.85
WF 6124	05/04/17	Deposit	132	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		28,024.85
WF 6124	05/08/17	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	DenSeco/Admin	Bank Service Charges		3.00	31,477.85
WF 6124	05/12/17	Check	1078	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 06/01/17-06/30/17	Managed/FK	FK Expenses - Rent	5,648.00		25,823.85
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Collections	Managed/FK	FK Income - Furniture Sales	84,621.96		110,445.81
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions	12,693.29		97,752.52
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Auction Expenses	Managed/FK	FK Expenses - Auctioneer Expenses	3,545.67		94,206.85
WF 6124	05/12/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	94,191.85
WF 6124	05/12/17	Deposit	Wire	Justin Moore	Payoff of Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	32,000.00		126,191.85
WF 6124	05/12/17	Deposit	Wire	Justin Moore	Payoff of Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	2,784.00		128,975.85
WF 6124	05/16/17	Deposit	Wire	Great American Title Agency, Inc.	Sale of Property Re: Loan 3828 - 1605 W Winter	Managed/Loans	Loan 3828 - 1605 W Winter	34,986.02		163,961.87
WF 6124	05/16/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	163,946.87
WF 6124	05/25/17	Deposit	628805108	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		165,671.87
WF 6124	05/25/17	Deposit	628805109	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		167,396.87
WF 6124	05/25/17	Deposit	628805110	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	169,121.87		184,218.74
WF 6124	05/25/17	Deposit	628806120	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		189,468.74
WF 6124	05/25/17	Deposit	628806121	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	79,621.87		269,090.61
WF 6124	05/25/17	Deposit	628811380	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	675.00		269,765.61
WF 6124	05/25/17	Deposit	628811381	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	182,696.87		452,462.48
WF 6124	05/25/17	Deposit	1002431528	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		457,712.48
WF 6124	05/25/17	Deposit	1002431536	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	226.00		457,938.48
WF 6124	05/25/17	Deposit	67123431	Maricopa County Recorder	Maricopa County Recorder Refund	DenSeco/Admin	Receivership Fees	23,939.71		481,878.19
WF 6124	05/25/17	Check	1079	Simon Consulting, LLC	Reimbursement for fees paid to Foresters Consulting Solutions, LLC	Managed/Loans	IT Forensic Fees	26,802.69		508,680.88
WF 6124	05/25/17	Check	1080	Gentilia Murphy Anderson, PC	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	39,298.68		547,979.50
WF 6124	05/25/17	Check	1081	Frazier Ryan Goldberg & Arnold, LLP	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	25,261.00		573,240.50
WF 6124	05/25/17	Check	1082	Snell & Wilmer, LLP	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	17,311.00		590,551.50
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 50029196	DenSeco/Admin	Document Processing & Record Reg	3,593.74		594,145.24
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 500290038	DenSeco/Admin	Document Processing & Record Reg	623.36		594,768.60
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 50028755	DenSeco/Admin	Document Processing & Record Reg	183.27		594,951.87
WF 6124	05/25/17	Check	1084	Arroyo Rijo HOA	707 E Porter Dr - Working Capital	Managed/Loans	Property Expenses - HOA Fees	79.00		595,030.87
WF 6124	05/25/17	Check	1084	Arroyo Rijo HOA	707 E Porter Dr - May Assessment	Managed/Loans	Property Expenses - HOA Fees	39.50		595,070.37
WF 6124	05/31/17	Deposit	142	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Property Expenses - HOA Fees	34.23		595,104.60
WF 6124	05/31/17	Deposit	4880172	American Modern Select Ins. Co	1605 W Winter Dr - Premium refund after sale of ppty	Managed/Loans	Property Expenses - Insurance	3,450.00		601,554.60
WF 6124	05/31/17	Check	1085	Altep California, LLC	Invoice No. 50029217	DenSeco/Admin	Document Processing & Record Reg	1,335.65		602,890.25
WF 6124	05/31/17	Check	1085	Altep California, LLC	Invoice No. 50029217	DenSeco/Admin	Document Processing & Record Reg	431.62		603,321.87



DenSeco Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
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Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	05/31/17	Check	1087	Justin Moore	Refund Interest on Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland		160.00	55,855.72
WF 6124	06/05/17	Check	EFT	Rimovsky Investments, LLC	Interest Payment Returned Due to NSF	DenSeco/Loans	Loan 5830 - 1412 W South Fork		3,450.00	52,405.72
WF 6124	06/05/17	Check	EFT	Wells Fargo Bank	Cashed/Deposited Item Returned Unpaid Fee	DenSeco/Admin	Bank Service Charges		12.00	52,393.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		54,125.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		55,250.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		56,375.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		57,500.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		58,400.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		59,150.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	59,900.72		60,650.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		61,400.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		62,150.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		62,750.72
WF 6124	06/08/17	Deposit	79982	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		63,275.72
WF 6124	06/08/17	Check	1088	Vince Zenilli	707 E Potter Dr - Removal of Dead Palm Tree Per HOA Notice	Managed/Loans	Property Expenses - Maintenance		60.00	62,465.72
WF 6124	06/08/17	Check	1089	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 07/01/17-07/31/17	Managed/FK	FK Expenses - Rent	56,817.72	5,648.00	56,817.72
WF 6124	06/08/17	Check	1090	Arroyo Rolo HOA	707 E Potter Dr - Violation Fine for Dead Tree	Managed/Loans	Property Expenses - HOA Fees	56,742.72	75.00	56,742.72
WF 6124	06/08/17	Check	1090	Arroyo Rolo HOA	707 E Potter Dr - Late Fee	Managed/Loans	Property Expenses - HOA Fees	56,727.72	15.00	56,727.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	707 E Raintree Dr - Delinquency Notice	Managed/Loans	Property Expenses - HOA Fees	56,722.72	5.00	56,722.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	9555 E Raintree Dr #1004 - TC Trans/Discl Expense	Managed/Loans	Property Expenses - HOA Fees	56,345.72	377.00	56,345.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	9555 E Raintree Dr #1004 - May Assessment	Managed/Loans	Property Expenses - HOA Fees	56,075.72	270.00	56,075.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	9555 E Raintree Dr #1004 - June Assessment	Managed/Loans	Property Expenses - HOA Fees	55,805.72	270.00	55,805.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	9555 E Raintree Dr #1004 - TC Tax Search Expense	Managed/Loans	Property Expenses - HOA Fees	55,720.72	85.00	55,720.72
WF 6124	06/08/17	Check	1091	Ladera Vista HOA	9555 E Raintree Dr #1004 - TC Doc Fee Expense	Managed/Loans	Property Expenses - HOA Fees	55,697.72	23.00	55,697.72
WF 6124	06/13/17	Deposit	Wife	Daniel Smith	Payoff of Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	350,000.00		405,697.72
WF 6124	06/13/17	Deposit	Wife	Daniel Smith	Payoff of Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	8,750.00		414,447.72
WF 6124	06/13/17	Check	EFT	DenSeco Investment Corp.	Transfer to WF Savings	DenSeco/Admin	Bank Service Charges		15.00	414,432.72
WF 6124	06/13/17	Check	EFT	DenSeco Investment Corp.	Transfer to WF Savings	DenSeco/Admin	Bank Service Charges		350,000.00	64,432.72
WF 6124	06/13/17	Check	EFT	DenSeco Investment Corp.	Transfer to WF Savings	DenSeco/Admin	Bank Service Charges		8,902.84	55,529.88
WF 6124	06/13/17	Check	EFT	DenSeco Investment Corp.	Transfer to WF Savings	DenSeco/Admin	Bank Service Charges		685.00	54,844.88
WF 6124	06/16/17	Check	1093	Simon Consulting, LLC	9555 E Raintree Dr #1004 - Property Insurance	Managed/Loans	Property Expenses - Insurance	270.00		54,574.88
WF 6124	06/26/17	Check	1094	Ladera Vista HOA	9555 E Raintree Dr #1004 - July Assessment	Managed/Loans	Property Expenses - HOA Fees	39.50		54,535.38
WF 6124	06/26/17	Check	1096	Arroyo Rolo HOA	707 E Potter Dr - June Assessment	Managed/Loans	Property Expenses - HOA Fees	72,706.44		127,241.82
WF 6124	06/27/17	Deposit		Surplus Asset Management, Inc.	Net furniture sale proceeds through 06/06/17 - Gross Collections	Managed/FK	FK Income - Furniture Sales			116,335.85
WF 6124	06/27/17	Deposit	4378	Surplus Asset Management, Inc.	Net furniture sale proceeds through 06/06/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions	10,905.97		110,687.85
WF 6124	07/07/17	Check	1095	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 08/01/17-08/31/17	Managed/FK	FK Expenses - Rent	5,648.00		110,687.85
WF 6124	07/11/17	Deposit	Wife	Daniel Smith	Payoff of Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	45,000.00		155,687.85
WF 6124	07/11/17	Deposit	Wife	Daniel Smith	Payoff of Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	1,620.00		157,307.85
WF 6124	07/11/17	Check	EFT	Wells Fargo Bank	Online Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	157,292.85
WF 6124	07/11/17	Check	EFT	Wells Fargo Bank	Online Transfer Service Charge	DenSeco/Admin	Bank Service Charges		3.00	157,289.85
WF 6124	07/14/17	Deposit	4829177	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		160,739.85
WF 6124	07/14/17	Deposit	4829145	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		164,189.85
WF 6124	07/14/17	Deposit	4829145	Rimovsky Investments, LLC	Reimbursement of bank fee for NSF check	DenSeco/Admin	Bank Service Charges	12.00		164,201.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		165,933.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		167,058.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		168,183.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		169,308.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		170,208.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		170,958.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		171,708.85

Simon Consulting, LLC  
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DenSeco Investment Corporation  
Receivables Bank Account Activity - Transaction Details  
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Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		172,458.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		173,208.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		173,808.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		174,333.85
WF 6124	07/24/17	Check	1097	Alleg California, LLC	Invoice No. 50030178	DenSeco/Admin	Document Processing & Record Req		113.42	174,220.43
WF 6124	07/24/17	Check	1098	Ladera Vista HOA	9555 E Rainette Dr #1004 - August Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	173,950.43
WF 6124	07/24/17	Check	1099	Arroyo Rocio HOA	707 E Potter Dr - July Assessment	Managed/Loans	Property Expenses - HOA Fees		39.50	173,910.93
WF 6124	07/24/17	Check	1100	Southwest Bond Services, Inc.	Bond No. 41349758	DenSeco/Admin	Property Expenses - HOA Fees		500.00	173,410.93
WF 6124	07/24/17	Check	1101	Frederberg Beans	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees		45.00	173,365.93
WF 6124	07/27/17	Deposit	4417	Surplus Asset Management, Inc	Net furniture sale proceeds through 06/28/17 - Gross Collections	Managed/FK	FK Income - Furniture Sales	42,388.36		215,754.29
WF 6124	07/27/17	Deposit	4829288	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		219,204.29
WF 6124	07/27/17	Deposit	287626	Seneca Insurance Company, Inc.	Premium refund for cancellation of coverage on 27th Ave with	Managed/FK	FK Expenses - Insurance	602.00		219,806.29
WF 6124	07/27/17	Deposit	4417	Surplus Asset Management, Inc	Net furniture sale proceeds through 06/28/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions		6,338.25	213,468.04
WF 6124	08/03/17	Deposit		Jace Sanders/Mike Moore	Payoff of Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	50,000.00		263,468.04
WF 6124	08/03/17	Deposit	698203990	Daniel Smith	Interest on Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	3,450.00		266,918.04
WF 6124	08/03/17	Deposit		Jace Sanders/Mike Moore	Payoff of Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	1,775.00		268,693.04
WF 6124	08/03/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	268,678.04
WF 6124	08/07/17	Deposit	Wire	Daniel Smith	Payoff of Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	115,000.00		383,678.04
WF 6124	08/07/17	Deposit	Wire	Daniel Smith	Payoff of Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	385,095.54		768,773.58
WF 6124	08/07/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	15.00		768,758.58
WF 6124	08/09/17	Check	1102	Simon Consulting, LLC	April 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	41,643.53		810,402.11
WF 6124	08/09/17	Check	1102	Simon Consulting, LLC	May 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	51,513.48		861,915.59
WF 6124	08/09/17	Check	1103	Guillermo Murphy Anderson, PC	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	29,882.22		891,797.81
WF 6124	08/09/17	Check	1103	Guillermo Murphy Anderson, PC	May 2017 Receivables Fees	DenSeco/Admin	Legal Fees	35,374.30		927,172.11
WF 6124	08/09/17	Check	1104	Frazer Ryan Goldberg & Arnold, LLP	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	8,411.50		935,583.61
WF 6124	08/09/17	Check	1104	Frazer Ryan Goldberg & Arnold, LLP	May 2017 Receivables Fees	DenSeco/Admin	Legal Fees	3,513.75		939,097.36
WF 6124	08/09/17	Check	1105	Snell & Wilmer, LLP	December 2016 Receivables Fees	DenSeco/Admin	Legal Fees	4,964.00		944,061.36
WF 6124	08/09/17	Check	1105	Snell & Wilmer, LLP	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	20,223.00		964,284.36
WF 6124	08/17/17	Check	1107	Ladera Vista HOA	9555 E Rainette Dr #1004 - September Assessment	Managed/Loans	Property Expenses - HOA Fees		13,887.00	978,171.36
WF 6124	08/30/17	Check	1108	Frederberg Beans	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees		45.18	978,216.54
WF 6124	08/30/17	Check	1109	Arroyo Rocio HOA	707 E Potter Dr - August Assessment	Managed/Loans	Property Expenses - HOA Fees		71.50	978,288.04
WF 6124	09/06/17	Deposit	311187	Great American Title Agency, Inc	Sale of Property Re. Loan 4604 - 707 E Potter	Managed/Loans	Loan 4604 - 707 E Potter	245,223.63		1,223,511.67
WF 6124	09/06/17	Deposit	4829500	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		1,226,961.67
WF 6124	09/06/17	Deposit	289658	Seneca Insurance Company, Inc.	Refund on 45th Ave warehouse insurance policy no. RMP4700019	Managed/FK	FK Expenses - Insurance	749.00		1,227,710.67
WF 6124	09/06/17	Deposit	289659	Seneca Insurance Company, Inc.	Refund on 45th Ave warehouse insurance policy no. RLP4700003	Managed/FK	FK Expenses - Insurance	140.00		1,227,850.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		1,229,582.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		1,231,314.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		1,232,439.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		1,233,564.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		1,234,689.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		1,235,814.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		1,236,939.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		1,238,064.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		1,238,964.67
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		1,239,864.67

**DenSeo Investment Corporation**  
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**Simon Consulting, LLC**  
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## Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Laans	Loan 5048 - 6307 W Clarendon	750.00		437,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Laans	Loan 5048 - 6307 W Clarendon	750.00		438,318.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Laans	Loan 6418 - 2329 N 69th	750.00		439,068.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Laans	Loan 6418 - 2329 N 69th	750.00		439,818.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Laans	Loan 7359 - 2615 E Portland	750.00		440,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Laans	Loan 7359 - 2615 E Portland	750.00		441,318.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Laans	Loan 5052 - 4604 N 9th	600.00		441,918.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Laans	Loan 5052 - 4604 N 9th	600.00		442,518.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,043.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Laans	Loan 6796 - 215 S 5th	525.00		443,568.21
WF 6124	09/11/17									

DenSeco Investment Corporation  
Receivervship Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	11/01/17	Check	1122	Snell & Wilmer, LLP	July 2017 Receivervship Fees	Densco/Admin	Legal Fees		2,835.00	12,426.90
WF 6124	11/01/17	Check	1122	Snell & Wilmer, LLP	August 2017 Receivervship Fees	Densco/Admin	Legal Fees		4,725.00	7,701.90
WF 6124	11/01/17	Check	1118	Ladera Vista HOA	9555 E Raintree Dr #1004 - November Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	7,431.90
WF 6124	11/08/17	Check	1123	Alper California, LLC	Invoice No. 50030259	Densco/Admin	Document Processing & Record Req		57.95	7,373.95
WF 6124	11/08/17	Check	1123	Alper California, LLC	Invoice No. 50031782	Densco/Admin	Document Processing & Record Req		57.34	7,316.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	Densco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		9,048.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	Densco/Loans	Loan 5046 - 1606 W Culver	1,125.00		11,298.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	Densco/Loans	Loan 5048 - 6307 W Clarendon	1,125.00		12,423.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	Densco/Loans	Loan 8083 - 110 N 2nd	900.00		13,323.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	Densco/Loans	Loan 7686 - 23210 S Sossaman	730.00		14,073.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	Densco/Loans	Loan 6418 - 2329 N 69th	730.00		14,823.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	Densco/Loans	Loan 7339 - 2615 E Portland	750.00		15,573.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	Densco/Loans	Loan 5052 - 4604 N 9th	600.00		16,173.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	Densco/Loans	Loan 6796 - 215 S 5th	525.00		16,698.61
WF 6124	12/01/17	Deposit	2799	Christopher Harvey	Pontz Winner Settlement Proceeds	Densco/Admin	Pontz Winner Settlement Proceeds	4,000.00		20,698.61
WF 6124	12/01/17	Deposit	5435	Karen Chigley	Pontz Winner Settlement Proceeds	Densco/Admin	Pontz Winner Settlement Proceeds	31,411.01		52,109.62
WF 6124	12/05/17	Deposit	416821	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		55,559.62
WF 6124	12/05/17	Deposit	416822	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		59,009.62
WF 6124	12/06/17	Check	1124	Ladera Vista HOA	9555 E Raintree Dr #1004 - December Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	58,739.62
WF 6124	12/08/17	Check	1124	Wells Fargo Bank	Online Deposit Detail & Images Fee	Densco/Admin	Bank Service Charges		3.00	58,736.62
WF 6124	12/11/17	Transfer	1125	Densco Investment Corp.	Transfer from WF Savings	Densco/Admin	Transfer - Wells Fargo Savings 6181	50,000.00		8,736.62
WF 6124	12/11/17	Check	1125	Simon Consulting, LLC	September 2017 Receivervship Fees	Densco/Admin	Receivervship Fees	22,638.05		11,374.67
WF 6124	12/11/17	Check	1126	Gentile Murphy Anderson, PC	September 2017 Receivervship Fees	Densco/Admin	Legal Fees	49,412.97		60,787.64
WF 6124	12/11/17	Check	1127	Frazier Ryan Goldberg & Arnold, LLP	September 2017 Receivervship Fees	Densco/Admin	Legal Fees	7,485.50		68,273.14
WF 6124	12/11/17	Check	1128	Snell & Wilmer, LLP	September 2017 Receivervship Fees	Densco/Admin	Legal Fees	756.00		69,029.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	Densco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		70,761.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	Densco/Loans	Loan 5046 - 1606 W Culver	1,125.00		71,886.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	Densco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		73,011.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	Densco/Loans	Loan 8083 - 110 N 2nd	900.00		73,911.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	Densco/Loans	Loan 7686 - 23210 S Sossaman	730.00		74,641.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	Densco/Loans	Loan 6418 - 2329 N 69th	730.00		75,371.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	Densco/Loans	Loan 7339 - 2615 E Portland	750.00		76,121.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	Densco/Loans	Loan 5052 - 4604 N 9th	600.00		76,721.14
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	Densco/Loans	Loan 6796 - 215 S 5th	525.00		77,246.14
WF 6124	12/15/17	Wire		Great American Title Agency, Inc.	Sale of Property Re: Loan 3883 - 9555 E Raintree #1004	Managed/Loans	Loan 3883 - 9555 E Raintree #1004	43,122.09		34,124.05
WF 6124	12/15/17	EFT		Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	34,109.05
WF 6124	12/15/17	Check	Wire	Densco Investment Corp.	Transfer from AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Ckg 9290	4,500,000.00		38,609.05
WF 6124	12/15/17	EFT		Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	38,594.05
WF 6124	12/15/17	Check	1129	Alper California, LLC	Invoice No. 50032301	Densco/Admin	Document Processing & Record Req		58.36	38,535.69
WF 6124	12/15/17	Check	1129	Alper California, LLC	Invoice No. 50032081	Densco/Admin	Document Processing & Record Req		50.82	38,484.87
WF 6124	12/18/17	Check	1130	William & Helene Alper Family Trust	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	5,593.02		44,077.89
WF 6124	12/18/17	Check	1131	Craig & Tommie Brown Living Trust	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	41,740.59		85,818.48
WF 6124	12/18/17	Check	1132	Desert Classic Investments, LLC	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	4,512,776.79		90,331.27
WF 6124	12/18/17	Check	1133	Steven G. & Mary E. Bunger Estate	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	108,159.35		90,439.62
WF 6124	12/18/17	Check	1134	Anthony Burckart - IRA	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	76,223.52		167,663.14
WF 6124	12/18/17	Check	1135	Keumen Burckart - IRA	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	65,507.40		233,170.54
WF 6124	12/18/17	Check	1136	Keumen Burckart - IRA	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	13,515.58		246,686.12
WF 6124	12/18/17	Check	1137	Warren & Fay Bush	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	56,498.58		303,184.70
WF 6124	12/18/17	Check	1137	Warren & Fay Bush	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	4,192,872.36		307,377.06
WF 6124	12/18/17	Check	1138	Mary Butler - IRA	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	21,767.75		329,144.81
WF 6124	12/18/17	Check	1138	Mary Butler - IRA	Densco Receivervship - 1st Interim Distribution	Densco/Admin	Investor Distributions	39,692.61		368,837.42

Denisco Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/18/17	Check	1139	Van Butler - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		26,140.60	4,105,271.40
WF 6124	12/18/17	Check	1140	Van Butler - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		39,692.61	4,065,578.79
WF 6124	12/18/17	Check	1141	Thomas & Sara Byrne 2008 Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,909.30	4,044,669.49
WF 6124	12/18/17	Check	1142	Gretchen P. Carrick Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,599.10	4,024,070.39
WF 6124	12/18/17	Check	1143	Erin P. Carrick Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		19,048.00	4,005,022.39
WF 6124	12/18/17	Check	1144	Averill Cate Jr & Mary Kris McIlwaine	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,706.40	3,995,315.99
WF 6124	12/18/17	Check	1145	Arden & Nina Chittick Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		36,360.76	3,958,955.23
WF 6124	12/18/17	Check	1146	Chittick Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		70,003.47	3,888,951.76
WF 6124	12/18/17	Check	1147	Cohen Revocable Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,749.86	3,868,201.90
WF 6124	12/18/17	Check	1148	Dori Ann Davis Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		31,010.54	3,837,191.36
WF 6124	12/18/17	Check	1149	Glen Davis - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		66,601.60	3,770,589.76
WF 6124	12/18/17	Check	1150	Glen Davis - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		31,620.64	3,738,969.12
WF 6124	12/18/17	Check	1151	Samantha Davis	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		4,899.12	3,734,070.00
WF 6124	12/18/17	Check	1152	Jack Davis	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		10,732.68	3,723,337.32
WF 6124	12/18/17	Check	1153	Scott D. Deola	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		17,280.77	3,706,056.55
WF 6124	12/18/17	Check	1154	Amy Lee Dicks - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		10,871.68	3,695,184.87
WF 6124	12/18/17	Check	1155	Bradley Mark Dicks - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,105.54	3,670,079.33
WF 6124	12/18/17	Check	1156	Non Lehtel Defense, Inc.	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		8,299.94	3,661,779.39
WF 6124	12/18/17	Check	1157	Dupier Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		75,636.97	3,586,142.42
WF 6124	12/18/17	Check	1158	Todd F. Hinek Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		16,479.28	3,569,663.14
WF 6124	12/18/17	Check	1159	Stacy Grant - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,685.60	3,556,977.54
WF 6124	12/18/17	Check	1160	Russ Griswold - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		8,299.94	3,548,677.60
WF 6124	12/18/17	Check	1161	Russ Griswold - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,698.19	3,534,979.41
WF 6124	12/18/17	Check	1162	Michael & Diana Gumbert Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		66,399.54	3,468,579.87
WF 6124	12/18/17	Check	1163	Robert & Elizabeth Fahn Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		37,289.85	3,431,290.02
WF 6124	12/18/17	Check	1164	Ralph L. Hey	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		7,729.88	3,423,560.14
WF 6124	12/18/17	Check	1165	Dale & Kathy Hickman	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		96,349.70	3,327,210.44
WF 6124	12/18/17	Check	1166	Craig & Samantha Hood	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		142,089.51	3,185,120.93
WF 6124	12/18/17	Check	1167	Doris & Lovette Howze	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,639.95	3,178,480.98
WF 6124	12/18/17	Check	1168	Bill Hughes - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		10,374.93	3,168,106.05
WF 6124	12/18/17	Check	1169	Bill Hughes - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		49,719.92	3,118,386.13
WF 6124	12/18/17	Check	1170	Judy Hughes - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		21,649.75	3,096,736.38
WF 6124	12/18/17	Check	1171	Indulke Revocable Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		521,032.02	2,569,704.36
WF 6124	12/18/17	Check	1172	James K. Jellon	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,847.77	2,562,856.59
WF 6124	12/18/17	Check	1173	Ralph Kaiser - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		37,263.33	2,525,593.26
WF 6124	12/18/17	Check	1174	Mary Kent	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		36,380.38	2,489,212.88
WF 6124	12/18/17	Check	1175	Paul A. Kent Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,665.83	2,468,547.05
WF 6124	12/18/17	Check	1176	Robert Z. Koehler - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,234.04	2,443,313.01
WF 6124	12/18/17	Check	1177	LeRoy Kopf Revocable Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		7,464.69	2,435,848.32
WF 6124	12/18/17	Check	1178	LeRoy Kopf - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		22,654.44	2,413,193.88
WF 6124	12/18/17	Check	1179	Robert F. Lawson	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,670.31	2,399,523.57
WF 6124	12/18/17	Check	1180	Wayne J. Ledet - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		37,566.39	2,361,957.18
WF 6124	12/18/17	Check	1181	Wayne J. Ledet - Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,504.32	2,348,452.86
WF 6124	12/18/17	Check	1182	Wayne J. Ledet Revocable Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		41,743.86	2,306,709.00
WF 6124	12/18/17	Check	1183	Terry & Lili Lee	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		8,299.94	2,298,409.06
WF 6124	12/18/17	Check	1184	The Lee Group, Inc.	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		24,899.83	2,273,509.22
WF 6124	12/18/17	Check	1185	Lillian Leht - Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		5,679.12	2,267,830.11
WF 6124	12/18/17	Check	1188	Manuel A. Leht - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,500.71	2,254,329.40
WF 6124	12/18/17	Check	1189	William & W. Jean Locke	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		15,709.61	2,238,619.79
WF 6124	12/18/17	Check	1190	Bill Capital, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,449.91	2,226,169.88
WF 6124	12/18/17	Check	1191	LJI Capital, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		14,882.66	2,211,287.22
WF 6124	12/18/17	Check	1195	Jim McArdle	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		44,037.34	2,167,249.88

DenSeco Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
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Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/18/17	Check	1196	James & Lesley McCoy Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		33,109.77	2,134,050.11
WF 6124	12/18/17	Check	1197	Caro McDowell Receivable Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,863.38	2,108,186.73
WF 6124	12/18/17	Check	1198	The Marvin G. Miller & Patricia S. Miller	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		142,550.37	1,965,636.36
WF 6124	12/18/17	Check	1199	Kaylene Moss - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		37,017.48	1,928,618.88
WF 6124	12/18/17	Check	1200	Moss Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,084.04	1,915,534.84
WF 6124	12/18/17	Check	1201	Muscat Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		41,499.71	1,874,035.13
WF 6124	12/18/17	Check	1202	Brian & Janice Odenthal	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		19,232.56	1,854,802.57
WF 6124	12/18/17	Check	1203	Brian Odenthal - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,665.20	1,845,137.37
WF 6124	12/18/17	Check	1204	Jolene Page	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		82,796.51	1,510,907.63
WF 6124	12/18/17	Check	1205	Valerie Paxton	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		14,272.69	1,496,634.94
WF 6124	12/18/17	Check	1206	Marlene Pearce - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		54,517.42	1,442,117.52
WF 6124	12/18/17	Check	1209	Jeff Phalen - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		74,618.37	1,367,499.15
WF 6124	12/18/17	Check	1210	Phalen Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,183.42	1,354,315.73
WF 6124	12/18/17	Check	1211	Preston Receivable Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,179.20	1,334,136.53
WF 6124	12/18/17	Check	1212	Pete Reznica	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,255.47	1,324,881.06
WF 6124	12/18/17	Check	1213	JoAnn Sanders	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		15,488.30	1,309,392.76
WF 6124	12/18/17	Check	1214	Schloz Family 1998 Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		16,161.88	1,293,230.88
WF 6124	12/18/17	Check	1215	Stanley Schloz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		16,243.82	1,276,987.06
WF 6124	12/18/17	Check	1216	Stanley Schloz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,306.81	1,264,680.25
WF 6124	12/18/17	Check	1217	GB 12, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		21,601.56	1,243,078.69
WF 6124	12/18/17	Check	1218	Amnetie Scroggin - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,923.84	1,236,154.85
WF 6124	12/18/17	Check	1219	Amnetie Scroggin - Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,449.91	1,223,704.94
WF 6124	12/18/17	Check	1220	Michael Scroggin	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		53,426.87	1,170,278.07
WF 6124	12/18/17	Check	1221	Michael Scroggin - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,330.67	1,157,947.40
WF 6124	12/18/17	Check	1222	William Stewart Sheriff	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,359.46	1,145,587.94
WF 6124	12/18/17	Check	1223	Saline, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		97,324.70	1,033,003.78
WF 6124	12/18/17	Check	1224	Gary E. Stegford & Corina C. Esvelt-Sig	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		42,718.47	993,185.31
WF 6124	12/18/17	Check	1225	Gary D. & Judith E. Stegford	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		28,892.39	964,292.92
WF 6124	12/18/17	Check	1226	Branson & Sandra Smith Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		34,040.96	930,251.96
WF 6124	12/18/17	Check	1227	Branson Smith - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		3,398.68	926,853.28
WF 6124	12/18/17	Check	1229	Donald E. & Lucinda Sterling	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,077.39	917,775.89
WF 6124	12/18/17	Check	1230	Nancy Swartz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		135,210.66	782,565.23
WF 6124	12/18/17	Check	1231	Long Time Holdings, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		192,895.51	589,669.72
WF 6124	12/18/17	Check	1232	Corlie Thompson	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		170,189.27	419,480.45
WF 6124	12/18/17	Check	1233	Gary L. Thompson	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		46,596.21	372,884.24
WF 6124	12/18/17	Check	1234	James Trainor	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,147.26	360,736.98
WF 6124	12/18/17	Check	1235	Stephen D. Tuttle	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,451.20	347,283.78
WF 6124	12/18/17	Check	1236	Wade Underwood	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,731.46	340,552.32
WF 6124	12/18/17	Check	1237	Lauree A. Weiskopf - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		2,078.50	338,473.82
WF 6124	12/18/17	Check	1238	Thomas D. Weiskopf - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		11,302.80	327,171.02
WF 6124	12/18/17	Check	1239	Carol J. Wellman	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		5,829.39	321,341.63
WF 6124	12/18/17	Check	1241	Wellman Family Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,189.47	312,152.16
WF 6124	12/18/17	Check	1242	Brian & Carla Weing Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		15,247.50	296,904.66
WF 6124	12/18/17	Check	1243	Mark & Debbie Weing	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		34,450.84	262,453.82
WF 6124	12/18/17	Check	1244	Angel's Investments, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,668.29	236,785.53
WF 6124	12/18/17	Check	1245	Michael Zones	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		38,692.35	198,093.18
WF 6124	12/18/17	Check	1246	Leslie Jones	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		28,334.29	169,758.89
WF 6124	12/18/17	Check	1247	Leslie Jones - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		33,168.21	136,590.68
SUBTOTAL								12,947,122.96	12,810,532.28	



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

DenSeco Investment Corporation  
Receivship Bank Account Activity - Transaction Details  
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Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6181	12/05/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	500,000.00		500,000.00
WF 6181	12/13/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		200,000.00	300,000.00
WF 6181	12/29/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		125,000.00	175,000.00
WF 6181	12/30/16	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	15.32		175,015.32
WF 6181	12/30/16	Deposit	EFT	Wells Fargo Bank	Federal Tax Withheld from Interest Income	DenSeco/Adm	Federal Tax With from Interest	4.28		175,011.04
WF 6181	01/30/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		130,000.00	25,011.04
WF 6181	01/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	8.43		25,019.47
WF 6181	01/31/17	Deposit	EFT	Wells Fargo Bank	Federal Tax Withheld from Interest Income	DenSeco/Adm	Federal Tax With from Interest	2.36		25,017.11
WF 6181	02/08/17	Transfer	EFT	Wells Fargo Bank	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		15,000.00	10,017.11
WF 6181	02/28/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.58		10,017.69
WF 6181	03/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.42		10,018.11
WF 6181	04/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.41		10,018.52
WF 6181	05/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.43		10,018.95
WF 6181	06/30/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	350,000.00		360,018.95
WF 6181	06/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	9.66		360,028.61
WF 6181	07/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	18.33		360,046.96
WF 6181	08/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	18.34		360,065.30
WF 6181	09/14/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		130,000.00	230,065.30
WF 6181	09/29/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	13.91		230,079.21
WF 6181	10/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	11.73		230,090.94
WF 6181	11/01/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		85,000.00	145,090.94
WF 6181	11/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	7.15		145,098.09
WF 6181	12/11/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		50,000.00	95,098.09
SUBTOTAL								850,104.73	755,006.64	

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 9290	08/26/16	Check	1002	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	500,000.00		500,000.00
ABB 9290	09/06/16	Check	1004	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	1,900,000.00		2,400,000.00
ABB 9290	09/20/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		2,150,000.00	250,000.00
ABB 9290	09/20/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	9.70		249,990.30
ABB 9290	10/11/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00		249,965.30
ABB 9290	11/08/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00		249,940.30
ABB 9290	11/09/16	Check	1016	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	2,000,000.00		2,249,940.30
ABB 9290	11/09/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		1,999,940.30	250,000.00
ABB 9290	12/24/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	249.975.00		249,975.00
ABB 9290	12/29/16	Check	1025	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	800,000.00		1,049,975.00
ABB 9290	01/04/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		799,975.00	250,000.00
ABB 9290	01/11/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00		249,975.00
ABB 9290	03/09/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00		249,950.00
ABB 9290	03/14/17	Check	1002	Gentile Murphy Anderson, PC	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	58,566.05		191,383.95
ABB 9290	03/14/17	Check	1001	Simon Consulting, LLC	December 2016 Receivship Fees	DenSeco/Adm	Receivship Fees	54,969.29		136,414.66
ABB 9290	03/14/17	Check	1004	Snell & Wilmer, LLP	December 2016 Receivship Fees	DenSeco/Adm	Legal Fees	5,119.00		131,295.66
ABB 9290	03/14/17	Check	1003	Frazier Ryan Goldberg & Arnold, LLP	December 2016 Receivship Fees	DenSeco/Adm	Legal Fees	4,012.00		127,283.66
ABB 9290	04/10/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	20.50		127,263.16
ABB 9290	04/26/17	Check	1005	Gentile Murphy Anderson, PC	February 2017 Receivship Fees	DenSeco/Adm	Legal Fees	34,268.28		92,994.88
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	February 2017 Receivship Fees	DenSeco/Adm	Legal Fees	28,743.00		64,251.88
ABB 9290	04/26/17	Check	1006	Frazier Ryan Goldberg & Arnold, LLP	February 2017 Receivship Fees	DenSeco/Adm	Legal Fees	15,914.00		48,337.88
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	January 2017 Receivship Fees	DenSeco/Adm	Legal Fees	9,001.50		39,336.38
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	December 2016 Receivship Fees (double paid in error)	DenSeco/Adm	Legal Fees	5,119.00		34,217.38

DenSeco Investment Corporation  
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Exhibit 1

Arizona Business Bank Checking Account 9290 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 9290	05/31/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges		12.70	34,179.68
ABB 9290	07/31/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges		3.41	34,176.27
ABB 9290	08/31/17	Deposit	EFT	Arizona Business Bank	Refund of AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges	3.41		34,179.68
ABB 9290	09/14/17	Check	1114	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124	430,000.00		464,179.68
ABB 9290	12/11/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Admin	Transfer - AZ Bus Bank ICS 8267		214,179.68	250,000.00
ABB 9290	12/15/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank ICS	DenSeco/Admin	Transfer - AZ Bus Bank ICS 8267	4,500,000.00		4,750,000.00
ABB 9290	12/15/17	Check	Wire	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124		4,500,000.00	250,000.00
SUBTOTAL								10,130,003.41	9,880,003.41	

Arizona Business Bank ICS Account 8267										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 8267	09/20/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	2,150,000.00		2,150,000.00
ABB 8267	09/30/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	194.36		2,150,194.36
ABB 8267	10/31/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	273.90		2,150,468.26
ABB 8267	11/01/16	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	2,150,403.26
ABB 8267	11/09/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	1,999,940.30		4,150,343.56
ABB 8267	11/30/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	437.63		4,150,781.19
ABB 8267	12/24/16	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,150,716.19
ABB 8267	12/31/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	528.75		4,151,244.94
ABB 8267	01/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,151,179.94
ABB 8267	01/04/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	799,975.00		4,951,154.94
ABB 8267	01/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	617.55		4,951,772.49
ABB 8267	02/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,951,707.49
ABB 8267	02/28/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	569.74		4,952,277.23
ABB 8267	03/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,952,212.23
ABB 8267	03/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	630.82		4,952,843.05
ABB 8267	04/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,952,778.05
ABB 8267	04/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	610.48		4,953,388.53
ABB 8267	05/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,953,323.53
ABB 8267	05/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	630.98		4,953,954.51
ABB 8267	06/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,953,889.51
ABB 8267	06/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	610.64		4,954,500.15
ABB 8267	06/30/17	Deposit		Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,954,435.15
ABB 8267	07/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,954,369.15
ABB 8267	07/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	631.11		4,955,000.26
ABB 8267	08/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,954,935.15
ABB 8267	08/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	631.19		4,955,566.34
ABB 8267	09/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,955,501.15
ABB 8267	09/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,955,436.15
ABB 8267	09/14/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	214,179.68		5,169,615.83
ABB 8267	09/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	624.93		5,170,240.76
ABB 8267	10/02/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	5,170,175.76
ABB 8267	10/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	658.59		5,170,834.35
ABB 8267	11/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	5,170,769.35
ABB 8267	11/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	637.39		5,171,406.74
ABB 8267	12/15/17	Transfer		DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290		4,500,000.00	671,538.04
SUBTOTAL								5,172,383.04	4,500,845.00	

National Bank of Arizona Money Market 3910										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
NBAZ 3910	08/26/16	Check	1003	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124	240,000.00		240,000.00
NBAZ 3910	10/31/16	Check	EFT	National Bank of Arizona	Paper Statement Fee	DenSeco/Admin	Bank Service Charges		5.00	239,995.00
NBAZ 3910	11/30/16	Deposit		National Bank of Arizona	Interest	DenSeco/Admin	Interest Income	12.43		240,007.43
NBAZ 3910	12/30/16	Deposit		National Bank of Arizona	Interest	DenSeco/Admin	Interest Income	13.81		240,021.24



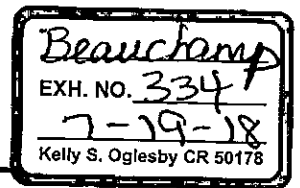
Densco Investment Corporation  
Receivership Bank Account Activity - Transaction Details  
August 24, 2016 - December 22, 2017

Exhibit 1

National Bank of Arizona Money Market 3910 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
NBAZ 3910	01/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	14.73		240,035.97
NBAZ 3910	02/28/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	12.89		240,048.86
NBAZ 3910	03/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	14.27		240,063.13
NBAZ 3910	04/30/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	12.89		240,076.02
NBAZ 3910	05/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	15.19		240,091.21
NBAZ 3910	06/30/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	13.81		240,105.02
NBAZ 3910	07/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	14.27		240,119.29
NBAZ 3910	08/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	14.28		240,133.57
NBAZ 3910	09/29/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	13.36		240,146.93
NBAZ 3910	10/31/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	14.74		240,161.67
NBAZ 3910	11/30/17	Deposit		National Bank of Arizona	Interest	Densco/Admin	Interest Income	13.82		240,175.49
SUBTOTAL								240,180.49	5.00	

Cash Balance as of 12/20/17: 1,393,402.30

# **Exhibit No. 186**



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/4/2014 5:39:10 PM  
**To:** Schenck, Daniel A. [dschenck@clarkhill.com]  
**Subject:** FW: Easy/DenSco - Revised Forbearance Agreement  
**Attachments:** Forbearance Agreement (Revised 2) (2-4-14).DOCX; Forbearance Agreement (Redline 3) (2-4-14).DOCX

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Goulder, Jeffrey [mailto:jeffrey.goulder@stinsonleonard.com]  
**Sent:** Tuesday, February 04, 2014 3:20 PM  
**To:** Beauchamp, David G.  
**Subject:** Easy/DenSco - Revised Forbearance Agreement

David – Attached is a clean and redlined copy of the revised agreement. I believe our clients have already discussed the changes in the business terms. We will look forward to hearing from you.

**Jeffrey J. Goulder** | Partner | Stinson Leonard Street LLP  
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ 85004-4584  
T: 602.212.8531 | M: 602.999.4350 | F: 602.586.5217  
[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com) | [www.stinsonleonard.com](http://www.stinsonleonard.com)

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## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on February \_\_, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties")

### Recitals

The following recitals of fact are a material part of this Agreement:

A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and are evidenced by certain promissory notes, executed by Borrower in favor of Lender (the "Notes") **[DAVID – PLEASE PROVIDE EXHIBIT A]**

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. The Loans are further evidenced and/or secured by various documents and instruments, including but not limited to certain Deeds of Trust and Assignment of Rents ("Deeds of Trust"), executed by Borrower in favor of Lender. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, "Properties") and referenced in Exhibit A. The Note, Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents"

D. Certain of the Properties were also used as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on the respective Property.

E. The Loans are now in default and Lender has provided Borrower with any and all notice required under the Loans Documents concerning such default

F. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower and Guarantor acknowledge the existing default under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and

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effect and (3) Borrower and Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Loans Balance.** The total sum now due and payable under the Loans, in aggregate, is approximately \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ in accrued interest (through and including \_\_\_\_\_, 2014), \$\_\_\_\_\_ advanced by Lender in payment of \_\_\_\_\_ as permitted under the Loans Documents and approximately \$\_\_\_\_\_ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of \_\_\_\_\_% per annum as provided in the Notes (as opposed to the default rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower and Guarantor hereby acknowledge and agree that the Loans are in default, and that as a result of such default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.

3. **Continued Effect of Loans Documents.** Borrower and Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to Borrower and Guarantor's knowledge, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower and/or Guarantor as described in the Loans Documents.

4. **Forbearance by Lender on Conditions; Effect of Breach.** Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower and Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower or Guarantor fails to pay any sum or to perform any covenant, agreement or obligation owed to Lender under this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loan Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.

5. **No Effect on Existing Default; Extension of Maturity.** Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing default under the Loans Documents, reinstate the Loans to a

current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2016.

6. **Borrower's Actions.** Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:

(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately \$4 to \$5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above.

(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of \_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$5,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been full satisfied.

(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement. **[DAVID - PLEASE PROVIDE COPIES OF THESE DOCUMENTS.]**

(D) Borrower agrees to provide Lender with a separate personal guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.

(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.

(F) Borrower has arranged for private outside financing in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 2014. Such Outside Funds shall be used exclusively for the pay-off of the

Other Lenders and any other similarly situated lender (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);

(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.

(H) Borrower, Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

(I) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, incurred by Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders, up to a total of \$\_\_\_\_\_.

7. **Lender's Actions.** Subject to the full compliance of the Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:

(A) Lender agrees to increase the Loan amount of each of the Properties referenced in Exhibit A up to 95% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advance to Borrower shall be used to pay off the Other Lender and release its security interest in that Property.

(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.

(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor (the "Additional Loan").

(D) Provided that Borrower complies with its obligations under this Agreement. Lender will waive the right to charge the default rate which is or may be permitted pursuant to the terms of the Loans Documents. If Borrower fails to comply with these obligations, however, it shall then be liable for interest at the default rate set forth in the Loan Documents.

8. The entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of the Notes and all other sums payable under the Loans Documents shall be due and payable in full on February 1, 2016 in any event, without notice or demand.

9. ~~Additional Collateral Required.~~ [Already covered above]

9. **Grace and Cure Periods.** If Borrower fails to comply with any obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the obligation within five (5) business days of receiving written demand from Lender.

10. **Release of Lender; Waiver of Claims and Defenses.** As a material part of the consideration for Lender's execution of this Agreement, Borrower and Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.

11. **Further Documents.** Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.

12. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

13. ~~**Costs and Expenses.**~~ ALREADY COVERED BY ¶ 6(K).

13. **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

14. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.



No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

15. **Ratification and Agreements by Guarantor.** Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.

16. **Entire Agreement; No Oral Agreements Concerning Loans.** This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower and Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower or Guarantor under any circumstances.

17. **Ratification of Workout.** The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower and Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November \_\_\_\_, 2013, to the date first stated above, regarding and or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower and Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties.

[signatures on following page]



IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

ARIZONA HOME FORECLOSURES, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

\_\_\_\_\_  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                      ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

ACKNOWLEDGMENTS

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



**ACKNOWLEDGMENTS**

STATE OF ARIZONA       )  
                                  ) SS  
COUNTY OF MARICOPA   )

On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_