

1 Gregory J. Marshall (#019886)  
Amanda Z. Weaver (#034644)  
2 Bradley R. Pollock (#033353)  
SNELL & WILMER L.L.P.  
3 One Arizona Center  
400 E. Van Buren, Suite 1900  
4 Phoenix, Arizona 85004-2202  
Telephone: 602.382.6000  
5 [gmarshall@swlaw.com](mailto:gmarshall@swlaw.com)  
[aweaver@swlaw.com](mailto:aweaver@swlaw.com)  
6 *Attorneys for Defendants U.S. Bank National  
Association and Hilda H. Chavez*

7  
8 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
9 IN AND FOR THE COUNTY OF MARICOPA

10 PETER S. DAVIS, as Receiver of  
DENSCO INVESTMENT  
CORPORATION, an Arizona corporation,

11 Plaintiff,

12 v.

13 U.S. BANK, NA, a national banking  
organization; HILDA H. CHAVEZ and  
14 JOHN DOE CHAVEZ, a married couple;  
15 JP MORGAN CHASE BANK, N.A., a  
national banking organization;  
16 SAMANTHA NELSON f/k/a  
SAMANTHA KUMBALECK and  
17 KRISTOFER NELSON, a married couple;  
and VIKRAM DADLANI and JANE DOE  
18 DADLANI, a married couple.

19 Defendants.  
20

No. CV2019-011499

**NOTICE OF NONPARTY AT FAULT**

(Assigned to the Hon. Daniel Martin)

21 Pursuant to A.R.S. § 12-2506(B) and Ariz. R. Civ. P. 26(b)(5), Defendants U.S.  
22 Bank National Association and Hilda H. Chavez (collectively, the “U.S. Bank  
23 Defendants”) submit their Notice of Nonparty at Fault alleging that the following  
24 individuals and entities may be wholly or partially at fault or responsible for causing or  
25 contributing to the damages Plaintiff (“DenSco”) seeks in this litigation. This Notice is  
26 based on information reasonably available to the U.S. Bank Defendants as of this date.  
27 The U.S. Bank Defendants reserve their right to supplement this Notice in accordance  
28 with Ariz. R. Civ. P. 26(b)(5) as further information is discovered.

1           **1. Yomtov Scott Menaged (Inmate Number: 74322-408 c/o Federal**  
2 **Bureau of Prisons, 1529 West Highway 366 Safford, AZ 85546); Arizona Home**  
3 **Foreclosures, LLC (c/o Yomtov Scott Menaged); Easy Investments, LLC (c/o**  
4 **Yomtov Scott Menaged); and employees and agents of the foregoing, including:**  
5 **Veronica Castro (aka Veronica Gutierrez Reyes) (address and telephone number**  
6 **currently unknown) Alberto Pena (address and telephone number currently**  
7 **unknown); and Troy Flippo (address and telephone numbers currently unknown).**

8           Yomtov Menaged, his wholly owned and operated businesses (Arizona Home  
9 Foreclosures, LLC and Easy Investments, LLC), and employees (Veronica Castro,  
10 Alberto Pena, and Troy Flippo) are wholly or partially at fault or responsible for the  
11 damages DenSco seeks for the following reasons: According to DenSco’s allegations,  
12 Menaged defrauded DenSco by using the loan proceeds from DenSco for his own  
13 personal benefit, instead of purchasing properties in foreclosure and giving DenSco a first  
14 position secured interests in those properties. *See, e.g.,* Second Amended Compl.  
15 (“SAC”); *see also, e.g.,* Menaged Dep., *Davis v. Clark Hill, PLC*, CV2017-013832.  
16 Menaged, individually and through his wholly owned companies,<sup>1</sup> and with the support  
17 and assistance of his agents and employees, would obtain cashier’s checks from funds  
18 that DenSco wired to Menaged’s business accounts. DenSco allegedly required that  
19 Menaged provide a photo of the cashier’s checks to DenSco as proof that the loaned  
20 funds were being used to purchase foreclosed properties, which Menaged or his  
21 employees (*e.g.,* Veronica Castro) would then send to DenSco. Menaged or Castro  
22 would then redeposit the cashier’s checks into Menaged’s business account with U.S  
23 Bank, and, among other things, allegedly provided DenSco fabricated copies of receipts  
24 in a poorly made effort to conceal the fraud. *See, e.g.,* SAC; Plea Agreement, *United*

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26 <sup>1</sup> Arizona Home Foreclosures, LLC’s and Easy Investments, LLC’s liability is  
27 coterminous with Menaged’s: according to the Receiver, Menaged “and his companies,  
28 Arizona Home Foreclosures, LLC and Easy Investments” defrauded DenSco. *See, e.g.,*  
Plf.’s Resp. to U.S. Bank Defs.’ Mot. Dismiss FAC. Menaged was the sole member of  
Arizona Home Foreclosures, which he held out as being in the business of purchasing  
foreclosed homes. *See* SAC.

1 *States v. Menaged*, CR-17-00680-PHX-GMS. Castro, as Menaged's long-time associate  
2 and employee, *see* Indictment, *United States v. Menaged*, CR-17-00680-PHX-GMS,  
3 worked directly with Menaged to accomplish the above fraudulent activities, SAC; *see*  
4 *also, e.g.*, Anderson Dep., *Davis v. Clark Hill, PLC*, CV2017-013832, as did Pena and  
5 Flippo, who were employees of Menaged's through a company called American  
6 Furniture, which was an alias for Furniture King, LLC. *See* Indictment, *United States v.*  
7 *Menaged*, CR-17-00680-PHX-GMS. Among other things, Castro also assisted Menaged  
8 in mingling DenSco's funds with other amounts in at least one of Menaged's accounts  
9 with U.S. Bank, in furtherance of the fraud. *See* SAC ¶ 51; Menaged Dep., *Davis v.*  
10 *Clark Hill, PLC*, CV2017-013832.

11 **2. DenSco Investment Corporation (c/o Gutilla Murphy Anderson, PC,**  
12 **5414 E. High Street Ste. 200 Phoenix, AZ 85054) and Denny Chittick (deceased).**

13 DenSco<sup>2</sup> and Chittick are wholly or partially at fault or responsible for the  
14 damages DenSco seeks for the following reasons: DenSco and Chittick were admittedly  
15 aware that Menaged and/or his family had already perpetrated a massive fraud on them,  
16 and yet continued to lend Menaged and his companies money, particularly without,  
17 among other things, implementing reasonable processes and procedures to ensure that  
18 DenSco and Chittick would not be further defrauded. *See, e.g.*, SAC; Receiver's Expert  
19 Report of N. Wertlieb, *Davis v. Clark Hill, PLC*, CV2017-013832. Not only should  
20 DenSco and Chittick have refrained from doing further business with Menaged, and  
21 instead pursued criminal and civil remedies against him and/or his family, but sufficient  
22 processes and procedures should have been immediately implemented to prevent  
23 Menaged from further defrauding DenSco, any of one of which would have quickly  
24 confirmed that Menaged was not using the loan funds for their intended purposes, such as  
25 checking the public records to confirm that trustees were recording trustee's deeds in the

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27 <sup>2</sup> As far as DenSco exists (and existed) as a separate entity from the Receiver, *see, e.g.*,  
28 Compl. ¶¶ 2, 24, *Ariz. Corp. Comm'n v. DenSco Inv. Corp.*, CV2016-014142 (granting  
control to Receivership Assets, but not vesting complete authority as to, *e.g.*, attorney-  
client privilege).

1 name of Menaged or his businesses, and confirming that deeds of trust naming DenSco as  
2 the beneficiary were being recorded in the public land records, something easily and  
3 inexpensively done. *See, e.g., id.*; A.R.S. §§ 33-411.01, -705.

4 **3. Clark Hill, PLC (14850 N. Scottsdale Rd Ste. 500, Scottsdale, AZ**  
5 **85254); David G. Beauchamp (c/o Clark Hill, PLC); Robert G. Anderson (c/o Clark**  
6 **Hill, PLC); and Daniel A. Schenck (c/o Clark Hill, PLC)**

7 Clark Hill, PLC, and attorneys David G. Beauchamp, Robert G. Anderson, and  
8 Daniel A. Schenck, are wholly or partially at fault or responsible for the damages DenSco  
9 seeks for the following reasons: Clark Hill represented DenSco at all times relevant,  
10 including the negotiation and drafting of the Forbearance Agreement.<sup>3</sup> Receiver's Rule  
11 26.1 Initial Disclosure Statement, *Davis v. Clark Hill, PLC*, CV2017-013832. Among  
12 other things, Clark Hill and the foregoing attorneys should have advised DenSco and its  
13 principal Chittick on any one of several important actions that they fully failed to do,  
14 including, but not limited to, the following: advising DenSco to pursue litigation against  
15 Menaged, his companies, and/or his family upon discovery of Menaged's initial  
16 fraudulent activities (resulting in DenSco being undersecured on multiple properties, and  
17 the resulting substantial increased risk of nonpayment on the underlying loans), to sever  
18 its relationship with Menaged following learning of the initial fraud, to report the matter  
19 to law enforcement, and to provide non-negligent legal advice to ensure that Menaged  
20 was not continuing to defraud DenSco with respect to the loans that DenSco continued to  
21 make to Menaged and his businesses. *See, e.g., SAC*; Receiver's Expert Report of N.  
22 Wertlieb, *Davis v. Clark Hill, PLC*, CV2017-013832; Menaged Dep., *Davis v. Clark Hill,*  
23 *PLC*, CV2017-013832; Anderson Dep., *Davis v. Clark Hill, PLC*, CV2017-013832;  
24 Receiver's Rule 26.1 Initial Disclosure Statement, *Davis v. Clark Hill, PLC*, CV2017-  
25 013832.

26  
27 <sup>3</sup> It appears that Chittick never had separate legal counsel to represent him and his  
28 interests as the sole shareholder, director, officer, or employee of DenSco. *See, e.g.,*  
Receiver's Expert Report of N. Wertlieb, *Davis v. Clark Hill, PLC*, CV2017-013832.

1 DATED this 1st day of March, 2021.

2 SNELL & WILMER L.L.P.

3  
4 By: /s/ Amanda Z. Weaver

5 Gregory J. Marshall  
6 Amanda Z. Weaver  
7 Bradley R. Pollock  
8 One Arizona Center  
9 400 E. Van Buren, Suite 1900  
10 Phoenix, Arizona 85004-2202  
11 *Attorneys for Defendants U.S. Bank  
12 National Association and Hilda H.  
13 Chavez*

14 **CERTIFICATE OF SERVICE**

15 The foregoing was electronically filed and e-served via azturbocourt and served via  
16 e-mail on the following parties this 1st day of March, 2021.

17 Colin F. Campbell, Esq.  
18 Geoffrey M. T. Sturr, Esq.  
19 Timothy J. Eckstein, Esq.  
20 Joseph N. Roth, Esq.  
21 Osborn Maledon, P.A.  
22 2929 N. Central Avenue, Suite 2100  
23 Phoenix, Arizona 85012  
24 [ccampbell@omlaw.com](mailto:ccampbell@omlaw.com)  
25 [gsturr@omlaw.com](mailto:gsturr@omlaw.com)  
26 [teckstein@omlaw.com](mailto:teckstein@omlaw.com)  
27 [jroth@omlaw.com](mailto:jroth@omlaw.com)  
28 *Attorneys for Plaintiff*

29 Nicole Goodwin, Esq.  
30 Jonathan H. Claydon, Esq.  
31 Greenberg Traurig  
32 2375 E. Camelback Road #700  
33 Phoenix, Arizona 85016  
34 [goodwinn@gtlaw.com](mailto:goodwinn@gtlaw.com)  
35 [claydonj@gtlaw.com](mailto:claydonj@gtlaw.com)  
36 *Attorneys for Defendants JP Morgan Chase  
37 Bank, Samantha Nelson & Vikram Dadlani*

38 /s/ Catherine A. Ward  
39 4848-1801-0331.3