

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

DEPOSITION OF JOHN FRANCIS RAY

Phoenix, Arizona
June 26, 2019
1:05 p.m.

REPORTED BY:
KELLY SUE OGLESBY, RPR
Arizona CR No. 50178
Registered Reporting Firm R1012

JOHN FRANCIS RAY, 6/26/2019

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EXHIBITS

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991	Statement from DenSco Investment Corporation (Bates No. CH_EstateSDT_0000533)	120	120
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PREVIOUSLY REFERENCED EXHIBITS

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	(None.)

REQUESTS TO PRODUCE DOCUMENTS

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QUESTIONS INSTRUCTED NOT TO ANSWER

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	(None.)

RECESSES TAKEN

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1 DEPOSITION OF JOHN FRANCIS RAY, commenced at
2 1:05 p.m. on June 26, 2019, at the law offices of
3 Coppersmith Brockelman, PLC, 2800 North Central Avenue,
4 Suite 1900, Phoenix, Arizona, before KELLY SUE OGLESBY, a
5 Certified Reporter, CR No. 50178, in and for the County of
6 Maricopa, State of Arizona, pursuant to the Rules of Civil
7 Procedure.

8 * * *

9 APPEARANCES

10 FOR PLAINTIFF:

11 OSBORN MALEDON, P.A.
12 BY: MR. COLIN F. CAMPBELL
13 2929 North Central Avenue
14 21st Floor
15 Phoenix, Arizona 85012-2793
16 ccampbell@omlaw.com

17 FOR DEFENDANTS:

18 COPPERSMITH BROCKELMAN, PLC
19 BY: MR. MARVIN C. RUTH
20 2800 North Central Avenue
21 Suite 1900
22 Phoenix, Arizona 85004
23 mruth@cblawyers.com
24
25

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Phoenix, Arizona
June 26, 2019
1:05 p.m.

* * *

JOHN FRANCIS RAY,
called as a witness herein, having been first duly sworn,
was examined and testified as follows:

EXAMINATION

Q. (BY MR. RUTH) Good afternoon, Mr. Ray. My name
is Marvin Ruth. I'm the attorney for the defendants in
this case, Clark Hill and David Beauchamp.

A. Okay.

Q. Also in the room is Mr. Campbell. He represents
the receiver, Peter Davis, in this lawsuit.

A. Nice to meet you.

Q. Do you mind if I call you John?

A. John is fine.

Q. Okay. John, can you please state your full name
and date of birth for the record.

A. John Francis Ray, 4/18/64.

Q. And do you live in Phoenix?

A. I live in Gilbert.

Q. In Gilbert?

A. Yes.

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1 Q. How long have you lived in Gilbert?

2 A. Gosh, it's been about five years. Before that,
3 I was in Scottsdale, so I was still in Phoenix.

4 Q. And how long were you in Scottsdale?

5 A. About ten years.

6 Q. So you have been in the valley for some time
7 then?

8 A. Since '83.

9 Q. Okay.

10 A. So I'm a native pretty much.

11 Q. John, have you ever been deposed before?

12 A. Yes, I have.

13 Q. What was the context of that case?

14 A. It was a deposition on a lawsuit. An individual
15 sued me for some -- a bad loan and I was deposed by the
16 attorney, and that was it.

17 Q. Were you plaintiff in that lawsuit or the
18 defendant?

19 A. Defendant.

20 Q. Okay. And when you said they sued you on a bad
21 loan, was it a loan that you had made to them or a loan
22 that they had made to you?

23 A. No. A loan I had taken out from them.

24 Q. Okay.

25 A. Yes.

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1 Q. And there was a payment issue and so --

2 A. Correct, yeah. And it was a civil issue. I
3 paid back the whole thing, but they wanted a whole lot
4 more interest than we were willing to pay, so...

5 Q. I'm curious. Was that the Thompsons?

6 A. Yes, it was. I heard that name and it kind of
7 made my hair stand up, but that's okay.

8 Q. That lawsuit was filed here in Maricopa County,
9 correct?

10 A. Yes, it was.

11 Q. Other than that deposition, have you ever been
12 deposed before?

13 A. Not to my memory, no.

14 Q. Well, then just to give you -- you might
15 remember the ground rules from your prior deposition, but
16 just to make sure this goes smoothly for us and for the
17 court reporter.

18 A. Yes, sir.

19 Q. We have to be careful that our answers are
20 verbal and not shakes of the head and uh-huhs and
21 nuh-uhs --

22 A. Yes, sir.

23 Q. -- because the court reporter can't take those
24 down. We have to be careful that we don't talk over one
25 another, so I will do my best to give you a chance to

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1 finish your answer before I start my next question, if you
2 could give me a chance to finish my question before you
3 start answering.

4 A. Yes.

5 Q. That way the record will be clear.

6 If you don't understand a question that I'm
7 asking, you are just not sure what timeframe I'm talking
8 about or certain specifics, please let me know.

9 A. Uh-huh.

10 Q. Please tell me you don't understand or ask me to
11 rephrase, and I'll do my best to change the question in a
12 way that you understand it.

13 A. Yes, sir. Will do.

14 Q. If you need a break, please ask for one.

15 A. Okay.

16 Q. At any time if you need to call your lawyer, I
17 understand you are not represented here today. Correct?

18 A. No, sir.

19 Q. If you need to take a break to use the restroom
20 or to call your attorney, please let me know. We will
21 take a break.

22 A. Okay.

23 Q. If at any point during the deposition you think,
24 you know, one of these prior answers I gave wasn't quite
25 clear, I wasn't quite accurate, I'd like to correct it,

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1 please let me know and I will give you a chance to correct
2 that prior answer.

3 A. Yes, sir.

4 Q. Did you do anything to prepare for the
5 deposition today?

6 A. I didn't, really. I really -- I really wasn't
7 sure what -- I mean, I kind of know what it's about, but,
8 no, I'll just answer whatever I can answer freely.

9 Q. You didn't review any documents or --

10 A. I did not, no.

11 Q. -- you didn't go back and look at old records --

12 A. I did not.

13 Q. -- go back and look at prior emails or anything
14 like that?

15 A. I did not at all, as a matter of fact.

16 Q. As I mentioned before, Mr. Campbell represents
17 the receiver, Peter Davis, in this case.

18 Have you ever spoken to Mr. Campbell or his
19 partner Mr. Sturr before?

20 A. I have not.

21 Q. Have you ever spoken to Peter Davis?

22 A. I have not.

23 Q. You understand that there was an entity named
24 DenSco and that that entity has been put into a
25 receivership?

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1 A. Yes, sir.

2 Q. Have you sort of kept apprised those
3 receivership proceedings or --

4 A. Slightly. Not a lot. I have read some of the
5 documents that were on DenSco's website for a while --

6 Q. Okay.

7 A. -- but I have not really even looked at anything
8 for, gosh, over a year I would say. Maybe longer.

9 Q. When you say "DenSco's website," I am guessing
10 you are meaning the website the receiver put up --

11 A. Correct.

12 Q. -- to sort of house the --

13 A. Correct.

14 Q. Okay. Do you remember what documents you looked
15 at?

16 A. I have a file on my laptop, because I kept a
17 file, but I believe it was Scott Menaged's deposition. I
18 believe there were a couple of those. And I believe there
19 was a copy of Denny's letter. I don't know if it -- I
20 don't know if you should call it a suicide letter, but it
21 was his letter that he wrote explaining what basically
22 happened.

23 And basically I had an old employee that were
24 friends. You know, Denny, Ranasha. Ranasha was his wife.
25 She was an employee of mine for many years, so there was a

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1 friendship there. I knew his kids. Lauren Pope was one
2 of my employees. She likes to keep abreast of all that
3 stuff, so every time something was posted on the
4 receiver's website, she would forward it to me and say,
5 "Hey, did you see this?" And I read it. I just wanted to
6 see what was going on so I read it.

7 Q. Okay. So it sounds like she did that one or two
8 years ago, but --

9 A. Yeah.

10 Q. -- she hasn't been doing that over the course of
11 the last 12 months or so?

12 A. No, we haven't. There was no -- I don't think
13 there is anything new that's come out, so nobody has
14 really been talking about it.

15 Q. Have you ever looked at the complaint that was
16 filed in this case the receiver has sued?

17 A. I have not, no.

18 And I was also kind of looking -- back in those
19 days I was looking at that, those items, because my
20 friend, Luigi Amoroso, Luigi was actually deposed by the
21 receiver, I believe, I think it was maybe Mr. Davis or
22 Mr. Ryan. And Luigi is a good friend of mine, and he was
23 extremely nervous because apparently there were some
24 documents that were forged with his name on it. So I was
25 actually trying to help him, because Luigi is not very

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1 versed with looking up information.

2 So I was actually able to obtain some of those
3 receipts. Lauren actually found some of those receipts
4 for me, and that's when Luigi and I realized that those
5 weren't his signatures. That somebody had forged his
6 name. So I helped in that capacity a little bit, but I
7 was just trying to help my friend, Louie, because he
8 was -- you know, he thought he was getting dragged into
9 something that he didn't do -- anything to do with.

10 MR. CAMPBELL: Let me make a motion to strike as
11 nonresponsive.

12 THE WITNESS: I apologize. Sorry.

13 Q. It will be something for the judge to sort out
14 later, if necessary.

15 A. Okay.

16 Q. You might also hear Colin object --

17 A. That's fine.

18 Q. -- from time to time to form. You can feel free
19 to answer the question if an objection is lodged.

20 A. But that was truly the reason I was more
21 involved, because I just -- I was helping Lou and I was
22 watching what was going on.

23 Q. So you said Luigi Amoroso is a friend of yours?

24 A. Yes.

25 Q. And prior to his being deposed, my belief is he

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1 was deposed in the Menaged bankruptcy proceeding?

2 A. Correct. I believe so.

3 Q. He came to you and asked for help to sort of
4 prepare for the deposition?

5 A. He didn't ask me for help. I was just looking
6 at documents with him and I told him I didn't think he had
7 anything to worry about. He didn't have anything to do
8 with -- you know, he was worried because he was an
9 employee, and we found out there was a lot of fraudulent
10 activity going on, and Lou was an employee of the company
11 so he was worried.

12 Lou is a nervous guy to begin with, so he was
13 making himself sick. So I was trying to tell him don't
14 worry, that you didn't do anything wrong.

15 Q. What company was he an employee of?

16 A. Scott's. For many years Lou, I believe, was a
17 bidder for Scott's -- I believe it was -- I don't know
18 what his entity was, but I believe he had businesses like
19 Arizona Wholesale Homes or something like that.

20 Q. And you say prior to his deposition you did some
21 digging or Lauren Hope did some digging and you found out
22 there was some fraud going on, is that --

23 A. Yeah. It wasn't digging. It was just the
24 documents that were on the website, you know. And I think
25 some of those receipts were actually on those websites,

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1 and so I just pulled them and said -- I just looked at
2 them and I forwarded them to Lou. I said, "Yeah, here is
3 the receipts with your name on it," and he was like, "Wow.
4 That's not my signature, you know," and I said, "Well, you
5 have nothing to worry about." But those were -- documents
6 were definitely, that's what he went in for, because he
7 was worried about those documents.

8 Q. And you are pretty sure you found those receipts
9 on the receiver's DenSco website?

10 A. I'm pretty -- believe so, because I don't think
11 I could have -- we could have gotten them anywhere else.
12 I believe they had to be there. And I believe I still
13 have copies of them if we need them, so...

14 Q. How would you have communicated that information
15 to Luigi? would you send it to him by email or did you
16 just --

17 A. Yeah. I believe I sent him the copies by email
18 and then we talked about it. We see each other every day.

19 Q. You see each other in a professional capacity
20 down bidding for properties or --

21 A. And friends, yeah. We have coffee every day.

22 Q. Okay.

23 A. We work together, but we also are friends, so
24 even if we don't have work, we always have coffee, so...

25 Q. When you talked to Luigi prior to his deposition

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1 about, you know, what had gone on here --

2 A. Uh-huh.

3 Q. -- what made Luigi think that there was some
4 sort of fraud that had gone on or what was he -- why did
5 he have reason to be concerned?

6 A. I'm trying to think of the timeline. I just --
7 I think this was all kinds of stuff with Scott getting
8 arrested and all that stuff, so, you know, he knew there
9 were some problems.

10 I don't know if it was rumors through the
11 grapevine. I don't know exactly how we got ahold of those
12 receipts and when we found out, you know, but he
13 definitely knew that he was getting deposed and he was
14 nervous.

15 He is a nervous guy so he was completely, I
16 mean, he was making himself sick. And I was just trying
17 to say, look, you know, again, calm down. You didn't do
18 anything, so...

19 Q. Do you know or do you recall if you spoke to
20 someone named Veronica Gutierrez or Veronica Castro prior
21 to --

22 A. Never spoke with Veronica. I believe Lou had
23 contact with Veronica.

24 Q. When you say I "never spoke with Veronica," was
25 that solely in the context of Luigi's deposition or you

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1 have never spoken to her at all?

2 A. I believe I had contact with her maybe a handful
3 of times back when she was doing business with Scott, only
4 in a real estate capacity, if we had done a transaction
5 together. I have maybe met her a handful of times at his
6 old office at 3030 North Central when he was officed
7 there.

8 Q. Okay.

9 A. And that was many years ago, though. Yeah, I
10 never talked to her or had much contact with her, besides
11 those early years.

12 Q. Have you reviewed any of the deposition
13 transcripts that have been posted to the website in this
14 case?

15 A. Recently, no, I have not.

16 Q. Or ever?

17 A. Only Scott's deposition.

18 I take that back. I read Luigi's deposition as
19 well.

20 Q. What was your impression after reading Scott's
21 deposition transcript?

22 A. Angry.

23 Q. Did it come as a surprise or --

24 A. No. No. I just -- I was angry because I have
25 known Denny for many years, and Denny might have made some

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1 mistakes, but Scott made him look like a complete idiot
2 and I was very angry.

3 Not angry, but I guess the word is -- I didn't
4 expect any less from Scott, you know, but I just -- it
5 just felt like Denny was being dragged through the mud,
6 and I just -- I didn't think it was all true. I don't
7 know how much of it is, but I have a feeling, in my own
8 opinion, this is just my opinion, Denny got sucked into a
9 bad situation with Scott and then he tried to, instead of
10 taking care of it when he could have originally, he tried
11 to fix it and got in deeper.

12 And that's just my opinion, but based on my
13 knowledge of Denny, he was the one guy that I always
14 respected very much, and if he said something, you know, I
15 respected it. I took it to heart.

16 MR. CAMPBELL: Motion to strike. Nonresponsive.

17 THE WITNESS: Sorry. That's my opinion, right?

18 MR. CAMPBELL: We go by question and answer in
19 court, so --

20 THE WITNESS: I apologize.

21 MR. CAMPBELL: -- I'm trying to keep it legible.

22 Q. When you said you read the deposition transcript
23 and you were angry at Scott, what specifically did you
24 learn from that transcript that made you angry?

25 A. The one thing that really, that it stands out to

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1 me, was he made it sound like Denny was very aloof and
2 didn't care and didn't watch his business, and that was
3 100 percent incorrect. Denny was in fact 180 the other
4 way. He was extremely careful. He was extremely diligent
5 on how he did his business. I know that because I did
6 business with him for ten years.

7 Q. I'm guessing, and correct me if I'm wrong, but
8 as a result of reading Scott's deposition transcript and
9 reading Luigi's deposition transcript, you learned that
10 potentially Scott had falsified trustee receipts --

11 A. Correct.

12 Q. -- on properties that DenSco thought it was
13 buying but never actually purchased?

14 A. Correct.

15 Q. And correct me if I'm wrong. Did you say that
16 did or did not surprise you that that took place?

17 A. That surprised me. I had no idea that, you
18 know, that was going on. In fact, I did question Denny on
19 something. I don't know what the date was, but I saw a
20 bunch of things in tax records. I do -- I look at tax
21 records every night, because I'm looking to buy properties
22 every day, and I saw several loans that DenSco had made to
23 AZ Homebuyers or whatever Scott's entity was at the time.
24 And it kept coming up over and over again, so I just sent
25 Denny a quick email and said: Hey, what's up with all

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1 those deals? Are they still there?

2 And he emailed me back: No. Those are all
3 released. Don't worry about it.

4 And I just, because it was Denny, I never
5 questioned it.

6 And specifically on one property that I was
7 trying to buy pre-foreclosure. So basically when we walk
8 in to buy a pre-foreclosure, I'm talking to a homeowner
9 and we are going to try to buy their property prior to it
10 going to auction.

11 Well, there was a lien on there from DenSco, and
12 if the lien from DenSco was still there, we couldn't buy
13 the property. So I called Denny and said: Hey, Denny, I
14 see that you have got another one of these properties with
15 your lien on it. Is it still there? And he actually sent
16 me a release or showed me that it was released. So after
17 he did that, I never questioned it again.

18 Q. You were looking through tax records?

19 A. Yeah. Monsoon is our tax records for Arizona
20 multiple listings. And I'm looking at tax records when I
21 am trying to buy foreclosures to look for ownership liens,
22 things like that.

23 And what was interesting was -- so I'm looking
24 at a property that's supposed to go to sale, like just say
25 tomorrow at the auction, and there is, you know, lien

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1 history, and I notice there is a DenSco loan on it. And
2 it hadn't gone to auction yet, so I'm trying to figure
3 out, okay, if it hasn't gone to auction yet, why is there
4 a DenSco lien on it?

5 And that's why I called Denny and said: Hey,
6 what's up with these?

7 And he told me: Oh, we were trying to buy them
8 before and it didn't work, and they are all released.
9 Don't worry about it.

10 I said: Okay. I just didn't even think twice
11 about it.

12 Q. When you say try -- I'm just trying to figure
13 out how this happens.

14 So you looked up the property?

15 A. Correct.

16 Q. You see that DenSco has a lien on it?

17 A. Correct.

18 Q. Did you see other lenders --

19 A. Oh, yeah.

20 Q. -- or potential lenders with liens on that same
21 property?

22 A. Yes. There is just a chain of lien records,
23 right? And at the very end there is the lien that's going
24 to sale, but there was -- on a handful of properties,
25 DenSco would always come up as a lienholder with Scott's

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1 entity as the buying entity --

2 Q. Okay.

3 A. -- but title never switched. I'm pretty good at
4 reading titles and chains and stuff, but title -- there
5 was a lien, but ownership never changed, which was
6 troublesome to me, because why would you put a lien on a
7 property if you didn't sell it or do anything to it.

8 So that's why I called Denny and said: Hey,
9 these never changed hands, yet there is a loan on it.
10 what's going on?

11 And he was like: We were going to buy it before
12 the auction. In order to secure it, the homeowner allowed
13 us to put a loan on it. We released it once we couldn't
14 buy it.

15 Q. Okay.

16 A. And it made sense at that time, you know.

17 Q. So it sounds like Denny's explanation was the
18 property was going to go to sale --

19 A. Correct.

20 Q. -- had not gone to sale yet, but in advance of
21 the sale, they went ahead and liened up the property?

22 A. Because they were going to buy it directly from
23 the owner and pay off the lien.

24 Q. You can go ahead and mark this.

25 (Deposition Exhibit No. 982 was marked for

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1 identification.)

2 THE WITNESS: Yeah, this is exactly it. Yeah.

3 Q. Okay. So this is an email it looks like
4 April 6, 2016?

5 A. Correct. Yeah, this is the one we were trying
6 to buy. And we had another investor who was going to come
7 in with cash, and the investor that was going to come in
8 with cash just said: Hey, why is this lien on there? I'm
9 not comfortable with that lien being there.

10 And he said the only way he would come in with
11 cash was if we could verify this lien was gone. So I
12 emailed Denny and he said: Yeah, it's gone. And he
13 actually emailed me a lien release for that lien.

14 Q. Okay.

15 A. So we felt comfortable and that was it. I never
16 asked him another question about it, so...

17 Q. And it looks like at top what Denny has sent you
18 to, is that a recording number?

19 A. I believe -- this?

20 Q. Yes.

21 A. The 53 -- no, I don't that's --

22 Q. No. The "yes" --

23 A. Oh, yeah.

24 Q. -- and then the 201401 --

25 A. Yeah, that's a recording number. Yeah, that's

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1 it. And I believe -- maybe he didn't send me the actual
2 recording, but I looked up and it was released, so...

3 Q. And it says, in your email to him on April 6,
4 2016, you say, "I came across another one of these."

5 So it sounds like you came across several like
6 this?

7 A. Correct. Remember I said the first time I had
8 called him and asked him about it, and he told me and I
9 just kind of let it go. But the second time I asked him
10 was because I needed to find out that it was released, if
11 we were going to move ahead with this property, so...

12 Q. You called, about how many of these you ran
13 across?

14 A. There is a lot. There is a lot.

15 Q. More than ten?

16 A. There is still some that come up now. I saw a
17 couple weeks ago there was at least one or two that came
18 up.

19 Q. Where DenSco liens --

20 A. Yeah. I would say I have seen at least 20 or
21 30.

22 Q. Okay.

23 A. So, yeah, there is a lot.

24 Q. And Denny's explanation on all of these was that
25 the property just never went to sale and that's why?

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1 A. Yeah. He said they were doing some -- you know,
2 there was a lot of door knockers and people trying to buy
3 them prior to foreclosure, and he said that was the way
4 they were securing it, pending on the loan.

5 I could see it, because there is so many guys
6 knocking on doors. That way they tie it up, make sure
7 nobody else can sneak in there and take them from
8 underneath them. So I just took it as, okay. You know,
9 he told me it didn't work, so they released all these
10 liens, but I didn't think anything of it, so...

11 Q. It didn't seem unusual to you that this would
12 have happened?

13 A. No, because there is a lot of deals going on,
14 you know, lot of loans back and forth, especially with
15 Scott and, you know, Denny and myself. We did a lot of
16 loans back in the day, so...

17 Q. To go back to another point you made earlier in
18 terms of reading Scott's deposition, I think --

19 A. Yes, sir.

20 Q. -- and correct me if I'm wrong, you suggested
21 sort of that you weren't necessarily surprised by Scott's
22 deposition testimony?

23 A. No, I wasn't surprised.

24 Q. Was there --

25 A. I was shocked that he was admitting to a lot of

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1 the stuff he admitted to.

2 Q. Did Scott have a reputation for not dotting I's
3 and crossing T's or for potentially being a little more
4 underhanded in his dealings?

5 A. He was just known as a jerk. Not many people
6 liked him.

7 I knew him differently. I saw both sides of
8 Scott. When I first met him, I didn't like him very much.
9 You know, kind of obnoxious guy from New York. I got to
10 know him a little better. I got to know him as a dad, and
11 he was a very good father to his son when I knew him, so I
12 respected him in that manner.

13 When I first him, he was a super hard-working
14 guy. In fact, he was a bulldog. And something changed
15 where he got very involved with material things, you know.

16 When I first met him, there was kind of a joke,
17 because he would be like, yeah, I buy everything out of
18 the Macy's catalog. Everything is large and extra large.
19 And next you know, he is going to buy, you know, designer
20 jeans and keeping up with all the guys that were doing
21 whatever they were doing.

22 So I think something changed in him, you know,
23 and -- because when I first met him, he was just work,
24 work, work, money, money, money. Make as much money as
25 you could, you know, and that was all he did, so...

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1 Q. When did you sense that this change occurred
2 that you saw?

3 A. Hate to say it, but when he became partners with
4 Eric Weinbrenner over at EZ Homes. They did some business
5 together. Eric was very affluent and had a lot of nice
6 things, and I think there was a little element of keeping
7 up with the Joneses type thing going on.

8 Q. And do you recall what that timeframe was?

9 A. Oh, gosh. I left Eric's office in 2008, so it
10 was right after 2008. It was right around 2008.

11 MR. CAMPBELL: What was the last name again?

12 THE WITNESS: I'm sorry?

13 MR. CAMPBELL: Eric, the last name?

14 THE WITNESS: Weinbrenner.

15 MR. CAMPBELL: Weinbrenner.

16 THE WITNESS: Spelled w-e-i-n-b-r-e-n-n-e-r.

17 MR. CAMPBELL: Thank you.

18 THE WITNESS: I think people have talked to Eric
19 too about it, because I think he is was partners with
20 Scott during a period of time, so...

21 Q. So it seemed to you that after -- after
22 partnering up with Eric, that Scott became more, what,
23 driven by material possessions?

24 A. Yeah. It just seemed like he was trying to keep
25 up with Eric. You know what I mean? Eric had a house in

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1 Paradise Valley. Next thing you know, Scott rented a
2 house in Paradise -- you know, and I hate to judge. I
3 don't want to say that in, like, a negative way, but I
4 just noticed a change. You know, we all did. We all
5 noticed a change.

6 Q. To go back to your prior testimony about the
7 sort of perception of Scott amongst people in this
8 industry, you said you thought he was kind of a jerk?

9 A. Uh-huh.

10 Q. Jerk and someone who defrauds people are two
11 different things, right?

12 A. Two different things, correct.

13 Q. Was there a perception or a belief that Scott
14 was underhanded or couldn't be trusted?

15 MR. CAMPBELL: Object to the form.

16 THE WITNESS: No.

17 Q. Okay.

18 A. Not in that way. I wouldn't say people trusted
19 him, but people didn't look at him as a crook. Besides,
20 in our business, we are always watching our backs, because
21 you can't trust anybody. Excuse me.

22 Q. Okay.

23 A. No. He was just rough. You know, he just
24 rubbed people the wrong way, you know.

25 Q. We will come back to Scott a little bit more

1 later.

2 A. I actually thought I had a decent relationship
3 with him, to be honest with you. I had been to his house.
4 I went to several of his 4th of July parties in his house
5 in Scottsdale. My son was friends -- not friends, but
6 knew his son, so he kind of invited us for family-type
7 things, but it was outside of business. It wasn't like a
8 business thing.

9 Q. Who else would be invited to these -- these
10 barbecues?

11 A. Mostly a lot of his friends. A lot of his --
12 not a lot of his employees, but most of his employees. I
13 think Kali was at all -- Kali Griffin and his family was
14 at all of them, I believe. Kali's cousin Todd, and a
15 bunch of people. I didn't know his family, his side of
16 the...

17 Q. Any other people from the real estate industry?

18 A. Not really. No. I'm trying to think, and
19 besides his own employees and things, I don't think -- I
20 don't remember seeing, like, Eric or any other guys that,
21 you know.

22 Q. What about Denny Chittick?

23 A. I never saw Denny at an event, no.

24 Q. How would you describe sort of what your
25 business is, what you do?

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1 A. Just acquiring real estate at wholesale prices,
2 you know, assigning them to people, selling them. Just --
3 just an acquisition and disposition of real estate.

4 Q. So that sometimes involves flipping
5 properties --

6 A. Correct.

7 Q. -- or fixing them up and flipping them?

8 A. Correct.

9 Q. Sometimes involves wholesaling them to people
10 out there looking to buy?

11 A. Correct.

12 Q. You also worked as a bidder, correct?

13 A. That's correct.

14 Q. If you don't mind, I'd like to -- through
15 looking at various document, I came across various
16 different businesses that looks like you may have been
17 associated with.

18 A. Yes.

19 Q. I just want to get a since of what these
20 different entities did.

21 A. Yes.

22 Q. One of those entities is Arizona Investors
23 Alliance --

24 A. Yes.

25 Q. -- does business as Bid AZ Foreclosures.

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1 A. Correct. That was my bid service, the original
2 entity when I first started the bid service.

3 Q. Did it purchase properties?

4 A. Yes, it did.

5 Q. Did it fix up properties?

6 A. Yeah. Yes, it did.

7 Q. Wholesale properties?

8 A. Yes, it did.

9 Q. And were you the owner of that entity?

10 A. Yes, I am. Yes, I was.

11 Q. Was anybody else?

12 A. No, not a single soul.

13 Q. Did Menaged have any interest or --

14 A. Nope. Never.

15 Q. Were you ever business partners or ventures with
16 Scott on anything?

17 A. Never with Scott. I mean, let me take that
18 back. I'm trying to think if we ever did, like, a deal
19 together on a house. I mean, I may have bought properties
20 from him, he may have bought properties from me, but we
21 never did, like, a joint venture where we went into a
22 house and fixed it or flipped it.

23 If it was a transaction, it was he had the
24 property and I bought it from him, or I had the property
25 and he brought it from me.

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1 Q. Did Arizona Investors Alliance ever lend money
2 to buyers?

3 A. We did not. I always referred my hard-money
4 loans to DenSco, up until recently.

5 Q. What about AIA Holdings?

6 A. That was a spinoff of Arizona Investors
7 Alliance. Again, I don't remember when, but we started
8 using AIA Holdings after Arizona Investors Alliance got
9 sued by the Thompsons.

10 Q. Okay. Does Arizona Investors Alliance still
11 operate?

12 A. I -- I had a -- what am I looking for -- an
13 agreement with the Department of Real Estate, because I
14 had a cease and desist and I had to dissolve Arizona
15 Investors Alliance.

16 As far as the corporation is concerned, it may
17 still be an active LLC, but I tried to dissolve it and
18 there is no assets in Arizona Investors Alliance. Yeah.
19 In the compliance order from the Department of Real
20 Estate, one of the compliance conditions was to dissolve
21 Arizona Investors Alliance.

22 Q. Ranasha Chittick was employed by Arizona
23 Investors Alliance, correct?

24 A. Yes, sir.

25 Q. Any other employees?

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1 A. Yes. We had several. During the period of
2 time, Lauren Pope and Ranasha Chittick were my first
3 employees, and over the years we probably employed another
4 handful, five or six.

5 Do you want names, off the top of my head?

6 Q. No.

7 A. Okay.

8 Q. Did Arizona Investors Alliance ever transfer
9 property to AIA Holdings?

10 A. I don't believe so.

11 Q. I ask only because I have seen quitclaim deeds
12 that aren't signed, quitclaiming properties from Arizona
13 Investors Alliance to AIA Holdings, but I haven't seen any
14 recorded, so I'm just curious if there was any.

15 A. Yeah, I don't believe we did, because I believe
16 we sold all of them before we -- you know, I was very
17 careful, because at the time, with the Thompsons, and I
18 gave them all the proceeds from the things that were sold,
19 so, you know, I just wanted to make it go away and I was
20 trying to do everything I could, so...

21 Q. When was it that you dissolved Arizona Investors
22 Alliance?

23 A. This would probably be the beginning of my
24 compliance order, so 2012. 2012, 2013. I'm not
25 100 percent.

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1 Q. What about JRI Properties?

2 A. That was actually my original. JRI Properties
3 was turned into Arizona Investors Alliance. So we, I
4 guess the word is renamed it. So, in essence, that's the
5 same entity, JRI Properties and Arizona Investors
6 Alliance.

7 Q. What about Zaxon Properties?

8 A. That was my real estate company. That's my
9 son's name, Zaxon. And that was a real estate brokerage
10 with a broker, just a regular real estate house. We had
11 10 or 12 agents and a broker. Never really got much
12 bigger than that.

13 Q. Is that still in existence?

14 A. No, it's not.

15 Q. Was that dissolved as well?

16 A. Yes, it was.

17 Q. Was that also part of the --

18 A. No.

19 Q. -- estate's --

20 A. -- it wasn't. I just dissolved it because it
21 just wasn't going anywhere, and I had some issues with the
22 broker so we just got -- we just shut it down.

23 Q. Do you recall when that was shut down?

24 A. I don't, but it has to be 2013.

25 Q. What about ReCreate wealth?

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1 A. That was property I did some fix and flips in
2 from the period of 2012 till about '14, maybe.

3 Q. So this would be an entity that borrowed money?

4 A. Yes. Yeah.

5 Q. To buy properties out of foreclosure or --

6 A. Yeah, we bought properties, distressed
7 properties at auction or foreclosure, from wholesalers,
8 entities.

9 Q. Did this entity borrow money from DenSco?

10 A. No.

11 Denny and I stopped doing business together -- I
12 don't know if you want me to get into this or not, but --
13 so apparently the Thompsons were trying to cause problems
14 for me. So they actually went to -- because they had
15 money with DenSco, and apparently they went to some
16 evident other investors that also had money with DenSco
17 and told the other investors that Denny was loaning money
18 to a guy that owed them \$1.7 million.

19 So one of Denny's investors called and asked
20 what was going on, and Denny explained to him that it was
21 me. He knew who I was and he has been doing business with
22 me for many years and he trusted me 100 percent.

23 I told Denny at that point: If it's going to
24 cause a problem for you with your investors, because, in
25 essence, if you are loaning me money and the Thompsons

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1 have money with you, it could be, you know. So I said
2 it's probably best if we don't do business, and he agreed,
3 so he never loaned me a another dime after that.

4 Q. When was that?

5 A. This is probably before the cease and desist.
6 This is after the Thompsons sued me, so I'm not exactly
7 sure what day it was. I could probably find out what the
8 last loan I did with DenSco was.

9 Q. You said another investor called Denny as a
10 result of the Thompsons.

11 A. Uh-huh.

12 Q. Do you know who that investor was?

13 A. I don't know. He didn't tell me who it was.

14 Q. You found out about it because Denny told you?

15 A. Denny told me, yeah. Denny and I spoke often.
16 Denny -- I think Denny didn't understand what the
17 Thompsons were doing, so he, you know, basically was
18 letting me -- you know, letting me know what was going on,
19 and...

20 Q. Did Denny indicate to you that other investors
21 were also upset?

22 A. No. No.

23 Q. Just --

24 A. Just -- yeah. And the crazy part was I didn't
25 care, because I had other investors that I did business

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1 with that, you know, knew what was going on. It wasn't
2 going to affect what I was doing, so...

3 Q. Who did you turn to to borrow money from after
4 you stopped borrowing from DenSco?

5 A. There was an individual named Paul Sherman.
6 There was a couple hard-money lenders, LM2, Clear Funds.
7 Just the local guys that are in the hard-money business.

8 Q. Did you borrow money from Gregg Reichman at AFG?

9 A. No. Don't like doing business with Gregg. I
10 tried, but every time he sent me a loan, his terms
11 changed, so I never did a loan with Gregg.

12 Q. Is that the only reason you didn't like or want
13 to do business with Gregg Reichman?

14 A. Not really. I just thought his fees were high
15 and I just -- I have known Gregg for many years. I
16 respected Gregg a lot. I just knew he was a hard-ass,
17 kind of hard to deal with, and I figured why make it
18 difficult when there is easier guys to deal with.

19 Q. What about Flip-PHX, LLC?

20 A. I established it but never did anything with it.
21 In fact, my ex -- ex -- ex-girlfriend's mom stole it from
22 me. She has it now. I had it reserved and I never
23 actually turned it into an LLC. It was reserved, but it
24 was never an LLC. And I believe somebody else has it now.
25 It's a cool name.

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1 Q. What about Trilogy Investments in real estate?

2 A. That was Zaxon Properties prior to Zaxon
3 Properties. I got sued by Shea homes to cease and desist.
4 I had to change the name, because evidently Trilogy was
5 their trademark, so -- my luck.

6 Q. And what about Holistic Choice for Arizona?

7 A. Oh, gosh. So way back when, when they first
8 announced that they were going to be giving out a limited
9 amount of medical marijuana, I decided that maybe I should
10 try for one of those, because I figured anything that's
11 limited is going to be worth some money. I was right, but
12 I just never did it. So that is what a nonprofit that I
13 had somebody -- I think I spent like 5,000 to have
14 somebody help me set it up, but we never did anything with
15 it.

16 Q. So it never got off the ground?

17 A. Yeah. My real estate business was going too
18 well. And, you know, at that time the governor was still
19 saying it's illegal and they were going to go after
20 people, so I was, like, I didn't need that, you know. So
21 in hindsight, that was probably a bad choice.

22 (Deposition Exhibit No. 983 was marked for
23 identification.)

24 MR. RUTH: Let me pull out one more, actually.

25 (Deposition Exhibits No. 984 and 985 were marked

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1 for identification.)

2 Q. If you could start with the one that's
3 Exhibit 984 --

4 A. Okay.

5 Q. -- which is a series of emails on August 1st,
6 2009, between Denny and Coralee Thompson.

7 A. Okay.

8 Q. Do you see that?

9 A. Yes, I do.

10 Q. If you see the email, it just says Thompson. It
11 says from Thompson to Denny Chittick on the bottom of that
12 first page.

13 The second large paragraph starts with:
14 October 16, 2006, we loaned \$6,000 to John Ray --

15 A. Yes.

16 Q. -- at 18% interest for what was supposed to be 2
17 weeks.

18 Do you see that?

19 A. Yes.

20 Q. Was this the borrowing repayment issue that sort
21 of precipitated --

22 A. Right.

23 Q. -- the Thompson problem?

24 A. Yes, sir.

25 Q. So 2006, of course, is right before the real

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1 estate market crashed, right?

2 A. Correct.

3 Q. Did that -- did that play a role?

4 A. Yeah, absolutely. I borrowed 600,000. When we
5 tried to get rid of the property, we couldn't get 300 for
6 it. You know, it lost value, 50 percent of its value
7 immediately.

8 Q. So I guess tell me in your words, then, what
9 happened between you and the Thompsons --

10 A. So --

11 Q. -- as a result of this loan?

12 A. So what really happened was, it was one of the
13 partners. It wasn't a dentist. It was some computer
14 guys, and one guy that I knew from downtown. They were
15 trying to acquire a bunch of properties, and they wanted
16 to go vertical in downtown Tempe at Brown Street in
17 downtown Tempe.

18 They bought a duplex on the corner and they
19 wanted to acquire the properties around it so we could
20 tear it down and go vertical. Tempe was very pro vertical
21 at that time.

22 I acquired two properties right next to that
23 property, each 300 apiece. David Basila was one of the
24 investors. He was one the computer guy and he was out of
25 the country.

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1 My contact was Joe Maxson, and I said to Joe,
2 I've got -- I believe I had \$10,000 nonrefundable on those
3 two properties. David was out of the country. He
4 couldn't fund the deal. So he said: Hey, can you get a
5 loan and David will pay it back when he gets back. I
6 said: Sure.

7 So I called the Thompsons and said: Hey, can
8 you give me a two-week loan. When David comes back, he is
9 going to cash us out of it.

10 So the Thompsons, we had a relationship with the
11 Thompsons, were like: Sure. No problem. So the
12 Thompsons said: No problem.

13 And so I drew up the deed of trust, but I made
14 the mistake of putting two separate parcels on one deed of
15 trust. I should have done 300,000 on one property,
16 300,000 on the other property.

17 Anyways, the market took a dump. David came
18 back from wherever he was at. They were doing a bunch of
19 other real estate. They had a bunch of 40-acre parcels
20 down in Maricopa and wherever and those fell out of
21 escrow. Obviously, David decided he didn't want to go
22 through this deal, so I ended up holding the note.

23 I actually paid up, paid back the entire
24 600,000, but they sued me for \$1.7 million, \$1.1 million
25 in interest at 29 percent default. I tried to negotiate

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1 with them, but they would not take less than \$600,000 in
2 interest, so that's how we ended up going sideways.

3 And at that time I thought I was doing pretty
4 good paying back the 600, since everybody walked on most
5 of the notes at that time. But I was actually making
6 decent money so I wanted to make it right. I wanted to
7 pay them back. You know, I didn't have a problem with
8 paying them back. And I -- to be honest with you, I don't
9 blame them. They did what they thought they had to do.

10 Q. So you said someone named David Basila --

11 A. Yeah, David Basila.

12 Q. -- he was supposed to come back within two weeks
13 and fund the rest of this?

14 A. Yeah. He was one of the partners, and we were
15 all doing the big deals. But I understand. We never had
16 anything in writing. It was a handshake deal. He
17 realized the market was going south and it was a smart
18 business decision on his part. I understand 100 percent
19 on his part.

20 Q. Did you ever pursue him or any other?

21 A. No. No reason to. I try not to blame other
22 people for my mistakes, unlike other people, but...

23 Q. Are the Thompsons hard-money lenders or are
24 they --

25 A. No. They were investors at the time, but they

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1 had a lot of money, and so at certain occasions they would
2 tell me they had money to loan, so if I had anybody that I
3 knew that were good investors, that they would consider
4 loaning at 18 percent.

5 Obviously they saw other hard-money lenders
6 making money at that. You know, this was a good way to
7 turn some of their money. That's also how they got
8 involved with DenSco, was because they had told me that
9 they had some excess funds, and I said: well, why don't
10 you talk with Denny about investing with his company.

11 Q. So you introduced the Thompsons to Denny?

12 A. I believe I did. I'm not 100 percent sure, but
13 I believe I did. In fact, they might have met at a
14 Christmas party, one of my early Christmas parties,
15 because they were both there. This was probably 2001,
16 2002.

17 Q. So prior to this issue with the \$600,000 for
18 this property in Tempe --

19 A. Uh-huh.

20 Q. -- you have had an established borrowing
21 relationship with the Thompsons?

22 A. Not that much. Maybe a couple here and there.
23 We didn't do a lot of loans together. I actually loaned
24 some of that money out to other investors, but I
25 personally didn't borrow that much money from them.

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1 I always went to DenSco because I could call
2 Denny and he would fund 100 percent for me and, you know,
3 we had a relationship where he was comfortable with what I
4 was doing.

5 We would always -- now, just to go back on what
6 I had said about what Scott said on the deposition, Denny
7 always questioned my value. Denny always looked at the
8 property. Denny always said: what do you think it's
9 worth? I think it's worth this much. I'll give you this
10 much.

11 So we always -- it was never: Yeah, I'll loan
12 you whatever you want. It wasn't like that at all.

13 Q. Do you recall why you didn't go to DenSco for
14 the loan as opposed to the Thompsons?

15 A. I don't. I think it was just easy and they were
16 there, and I think they had offered to make, you know, a
17 few months earlier or a month earlier, so maybe I -- it
18 was just an easy way. I'm not really sure why I went with
19 them. Hindsight, I probably shouldn't have.

20 Q. At the top of the email, Exhibit 984, Denny
21 writes back to Coralee that, you know, he is surprised to
22 hear about this. He has loaned money to you several times
23 before.

24 And then he goes on to say his business is doing
25 really well and he is making damn good money. He is

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1 buying as many as 100 properties a month, so he is
2 generating substantial money every month, even with his
3 added overhead and personal. Maybe it's personnel.

4 A. Uh-huh.

5 Q. Do you see that?

6 A. Yes.

7 Q. Is that accurate, that at this time you were
8 doing well?

9 A. Yes.

10 Q. How does Denny know that?

11 A. Because his wife was my office manager.

12 Q. Okay.

13 A. And he did fund many of the loans that my
14 investors -- you know, if I bought a property for an
15 investor at the auction, they needed a hard-money loan,
16 Denny was our first option. So he was aware of my
17 business, at least a part of it.

18 Q. If you go to the next page, 985.

19 A. Yes.

20 Q. So it looks like here Coralee at the bottom
21 writing Denny again, you know: Have you heard anything
22 about John Ray and how his business is doing?

23 Do you see that?

24 A. On this same page?

25 Q. I'm sorry. Go to the next exhibit, Exhibit 985.

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1 A. Okay.

2 Q. There you go. Yeah.

3 A. Yes.

4 Q. Do you recall -- you know, other than these
5 emails, do you recall having conversations with Denny
6 around this time about the Thompsons?

7 A. Not that much. One specific conversation. He
8 had a property that Denny had loaned me money on. This
9 was the last property that was kind of a lingering
10 property. It was an Arizona Investors Alliance. It was
11 on McKinley. I believe the address was 220 East McKinley
12 in, I think it was Tempe.

13 It was one of those properties I bought right at
14 the turn, and I borrowed 225,000 from Denny. I had it
15 sold, but the lady backed out. The market went sideways.
16 It became worth \$125,000. So I continued to make my \$3300
17 a month payment every month for approximately, gosh, I
18 would say three years, two years, something like that.
19 But I was making those payments.

20 The smart business decision would have been to
21 just default and give it back to Denny, but because of my
22 relationship with Denny and because I was making money and
23 because I -- you know, because he loans me money, I felt
24 that it was wrong for me to just stick it to him. It's,
25 you know, my problem, not his.

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1 So I kept it for all those years. And towards
2 the end, Denny said: Hey, John, I appreciate you making
3 good on this house for all these years. He knew I got
4 sued by the Thompsons. I didn't have a lot of money. He
5 goes: Let's stop the clock. I'll give you or I'll put up
6 the money to fix it up. I'll fix it up.

7 So he fixed it up. I didn't even do the rehab.
8 He fixed it up. We put it on the market. I believe
9 his -- one of his realtors listed it. I didn't even list
10 it, because the property was still in Arizona Investors
11 Alliance, and at that time the Thompsons had a judgment
12 against Arizona Investors Alliance and I BK'ed them
13 personally so they couldn't come after me personally, but
14 they still come after Arizona Investors Alliance.

15 They tried to force a sheriff's sale on that
16 property. And at that time -- this is all -- this is what
17 Denny told me, so I don't know. This is basically hearsay
18 from Denny, but what Denny told me was: You know this is
19 what the Thompsons are doing. They are trying to take
20 this property to sheriff's sale. I let them know that you
21 are not getting a dime from this property. Everything --
22 because they were afraid I'm getting proceeds and they
23 were trying to get proceeds.

24 So apparently they were trying to take it to
25 sheriff's sale. Denny let them know that they are not

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1 harming anybody but DenSco. They are not harming me.

2 They are going to harm DenSco by doing this.

3 I believe what he -- he told me the response
4 from the Thompsons were what's good for DenSco may not be
5 good for Phoenix Housing Solutions, so -- and I don't know
6 if he did this, but he told me he wired them a million
7 dollars back and said what's good for Den -- what's good
8 for Phoenix Housing Solution might not be good for DenSco.

9 And that's -- they negotiated. They didn't want
10 their million bucks back. So they said -- Denny said he
11 will take it back, but they had to drop this sheriff sale,
12 lawsuit, or whatever they were trying to do, because it
13 wasn't damaging anybody but DenSco, so they let it go.
14 And that's the last I heard of it.

15 Q. Okay.

16 A. And then we sold the property. Denny took all
17 the proceeds. I haven't heard nothing about it. But
18 those are the kind of dealings I had with Denny with them.
19 It wasn't anything other than that, so...

20 Q. So Phoenix Housing Solutions, is that Thompsons'
21 entity?

22 A. Yes, I believe so.

23 Q. That's the entity that lent you the money?

24 A. I believe they have Phoenix Housing Solutions I
25 and II, and I don't recall which one loaned me the money.

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1 It was one of them. Phoenix spelled P-h -- P-h-x. It was
2 spelled differently.

3 Q. Okay. And then you said Denny told you that he
4 wired a million dollars back to them?

5 A. Well, he was giving a million dollars of their
6 investment to let them know, hey, you know, you are doing
7 the wrong thing. You are not hurting anybody but us. So
8 that's what he told me. I'm not sure if that happened or
9 not. But the lawsuit or the sheriff's sale was dropped
10 and it all went away, so Denny did something to make it go
11 away.

12 Q. Did you ever share financials or things like
13 that with DenSco as to AIA or --

14 A. No.

15 Q. -- Arizona Investors Alliance?

16 A. No.

17 Q. No.

18 So his only knowledge as to how well -- well,
19 one main source of knowledge as to how well your business
20 was doing would have been Ranasha?

21 A. Ranasha and your clients buying the properties.
22 And he followed -- he followed it pretty closely. He knew
23 who was buying what and who the players were. You know,
24 he was very embedded in it.

25 Q. You can go to the one marked 983. This is now

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1 in March 2014?

2 A. Yes.

3 Q. You write to Denny. You ask Denny to fund a
4 property for you.

5 A. Correct.

6 Q. And then you write: In light of the recent
7 problems I've caused with the McKinley & the Thompson's --
8 That's the McKinley house you just spoke of?

9 A. Correct.

10 Q. -- I don't blame you if you don't want to fund
11 this for me.

12 Do you see that?

13 A. Yeah. I think this was the last part of when I
14 was still doing a little bit of business with Denny, and I
15 don't know what date it was, but -- oh, was it '14? Yeah.
16 Maybe I was -- I might have been having problems getting
17 this funded so maybe I reached out to Denny, but I did get
18 it funded with RLS. RLS Capital Holding.

19 Q. Robert Koehler's?

20 A. Yeah, yeah. Robert Koehler's company funded it.
21 I don't actually remember sending this, but,
22 yeah, that's definitely me.

23 Q. So would you say that you stopped doing business
24 with DenSco sort of of your own accord, or did Denny sort
25 of say: Look, this is just causing me too much headache

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1 with my investors?

2 A. He never came out and said that, but I kind of
3 felt like --

4 Q. He was cutting you off?

5 A. I don't want to say cutting me off, but I felt
6 like it was more we kind of mutually felt. You know what
7 I mean? I don't want to cause you any problems.

8 And not only that, because of the lawsuit with
9 the Thompsons and the cease and desist, I wasn't doing
10 much business. I was laying -- I mean, the cease and
11 desist caused me to stop doing everything because I didn't
12 want to commit a Class 6 felony. So I just -- I just kind
13 of put everything on hold and was trying to regroup.

14 And so, yeah, I wasn't really doing a lot of
15 buying. So if I did get something, it would be for an
16 investor, so I wasn't taking out a loan.

17 Q. Did you feel betrayed a little or like that
18 maybe Denny wasn't being --

19 A. No, not at all.

20 Q. No?

21 A. Not at all. Denny, not at all. He was always
22 good to me. He always helped me grow my business. If --
23 he would loan me the money. And if he didn't, it was
24 because it was affecting him in a negative way in
25 business, so I totally understand.

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1 Q. In your email to Denny in terms of buying this
2 property, you have got three exit strategies.

3 A. Yes.

4 Q. And you say: I currently have investors that
5 will put up the rehab money --

6 A. Correct.

7 Q. -- and split the profits?

8 A. Correct.

9 Q. Was Menaged ever one of those investors?

10 A. Never.

11 Q. Did you ever deal with hedge funds or any
12 entities like that?

13 A. Yes and no. There was a small, I don't even
14 know if you want to call them a hedge fund. There was a
15 company called Helvetica out of La Jolla. We bought a lot
16 of properties for Helvetica here in Arizona, and I went
17 out to San Diego for a period of six months and tried to
18 help them acquire properties out there. I think we
19 purchased two or three, but we didn't get too many out
20 there. But no big hedge funds like Blackstone or any of
21 those.

22 Q. If you flip it over, middle paragraph, last
23 sentence --

24 A. Yes.

25 Q. -- you write to Denny, "Your continued support

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1 is greatly appreciated."

2 Do you see that?

3 A. Yes.

4 Q. Was there any ongoing business relationship with
5 Denny or with DenSco after this?

6 A. No. But we talked periodically, and I could
7 always call Denny if I needed advice on something. And I
8 thought he was a smart guy, so I did take a lot of his
9 advice to heart.

10 One thing did happen that I did talk to him
11 about that I would like to mention, to kind of give you an
12 idea of what -- and, again, I'm not trying to vilify the
13 Thompsons. It's just how they do business and how they --
14 how they, I guess just the way they are. I don't
15 understand it.

16 So 2007, I officed with Eric Weinbrenner, the
17 gentleman I mentioned, and we shared staff. Lauren, the
18 girl I mentioned, she is kind of rough around the edges so
19 I let her work out of her home, because she didn't get
20 along with everybody at the office.

21 So Eric's in-house, what do you call it,
22 in-house document team, whatever, that did deeds and
23 things like that, back in those days we would buy the
24 property, the deed would come in my entity name, Arizona
25 Investors Alliance, then we would quitclaim the property

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1 over to the investor that bought it. That was -- that was
2 basically protocol for how we did business. It changed
3 somewhere down the line where we just started vesting the
4 properties directly in the investor's name, but back then,
5 that's how we did it.

6 well, there was a property in 2007 that I bought
7 for a couple. I believe it was Dave and Barbara Estill.
8 They paid cash for the property. They had copies of the
9 canceled checks, but when the deed came in, it came into
10 Arizona Investors Alliance, LLC, and Matt, the gentleman
11 that prepared the quitclaim deed, erroneously quitclaimed
12 the property from EZ Homes, which was Eric's entity, not
13 my entity. And so it was an erroneous transfer, but we
14 didn't catch it. Because nobody knew, nobody caught it,
15 it was recorded. It sat there for however many years.

16 In 2012, the Estills called me and said: Hey,
17 we have a problem. Barbara is sick. We need to sell the
18 house. It's the only property we have. We own it clear
19 free and clear. But when you quitclaimed it, when you
20 quitclaimed it from Arizona Investors Alliance to us, it
21 was done -- it was quitclaimed from EZ Homes to them, it
22 was done incorrectly. Arizona Investors Alliance still
23 actually has ownership.

24 well, the Thompsons went after that house. They
25 went after the Estills' property, because of that

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1 erroneous deed transfer. So I had to go -- I didn't go to
2 court, but I submitted documents and Eric submitted
3 documents showing that it was a mistake. It wasn't
4 anything that, you know, should actually harm the Estills,
5 but the Thompsons took them to court and tried to take the
6 house from them. And I think it ended up costing them 15
7 or \$20,000. They didn't get the house. The Estills were
8 able to retain the property.

9 Denny and I talked about that and, you know, the
10 things that we discussed were, you know, that I don't know
11 if they are trying to hurt me or if they just want the
12 money, but why would they go after these people. It has
13 nothing to do with me. It's not going to hurt me, unless
14 for some reason they thought if they got the property from
15 the Estills, they might force the Estills to sue me. I
16 don't know. But they went really hard to take the
17 property from the Estills.

18 And Denny and I, I remember talking about it to
19 Denny and saying who does stuff like that? So he and I
20 were both under the same impression that -- I don't want
21 to use the word ruthless, but when it comes to money,
22 there is a level of, you know, if they think the money
23 belongs to them, they are going to do whatever it takes to
24 get it.

25 Q. Do you recall when that conversation took place?

1 In 2014 or --

2 A. 2012. Yeah. I can try to look at the dates
3 when I had to deal with the attorneys from the Estills,
4 because I went in and I had to give statements.

5 Oh, you know what? I did get deposed for that
6 with the Estills. And I don't think it was a deposition
7 like this. I was just more giving them statements and
8 help.

9 Q. Do you recall during that conversation with
10 Denny when you were talking about this issue with the
11 Estills, did Denny mention the Thompsons aren't investors
12 with me anymore or --

13 A. No.

14 Q. No.

15 A. No, he didn't mention any of that.

16 Q. What was Denny's -- from what you could tell,
17 based on your conversation him, what was his attitude
18 towards the Thompsons as a result of all this?

19 A. I think he, you know, he knew who they were and
20 he just -- it's just business, you know. I don't think he
21 looked at them negatively. I think he looked at them
22 like, well, he didn't understand why they were doing it,
23 but I think it was just business, you know.

24 And that's how I look at it. I mean, I would
25 never do that, but I get that's their business, the way

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1 they do business.

2 MR. RUTH: We have been going about an hour.
3 why don't we take a little break.

4 MR. CAMPBELL: Sure.

5 (A recess was taken from 2:01 p.m. to 2:07 p.m.)

6 Q. I just had one quick follow-up question on
7 Exhibit 983 --

8 A. Yes.

9 Q. -- at the top.

10 A. Okay.

11 Q. Denny writes at the end, "John Ladner wants you
12 to call him."

13 Do you see that?

14 A. Yes.

15 Q. Who was John Ladner? I'm just curious.

16 A. He was just an investor that we had early in the
17 days. And I don't think I had talked to John in a while,
18 so maybe Denny had kept in contact with John and just
19 asked me to call him. Maybe he was looking for properties
20 again.

21 Q. Okay.

22 A. He -- he bought a few, but he wasn't a big
23 investor.

24 Q. When we use the word "investor," I take it you
25 mean people looking to buy properties off you --

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1 A. Correct.

2 Q. -- as a wholesaler?

3 A. Correct, yes. Investors are people that I'm
4 ultimately trying to find properties for.

5 (Deposition Exhibit No. 986 was marked for
6 identification.)

7 Q. Before we get into 986 --

8 A. Yes.

9 Q. -- can you give me, from your perspective as
10 someone who works as a bidder --

11 A. Uh-huh.

12 Q. -- and continues to work as a bidder --
13 Correct?

14 A. Uh-huh.

15 Q. -- what does a bidder do? Explain the process.

16 A. Basically just bidding on a property to buy it
17 at the auction. The auctioneer starts the bidding at an
18 opening bid, and the highest bidder gets it. So just
19 being down there to actually bid on the property, because
20 on a foreclosure you have to do it in person. It can't be
21 done online or remotely.

22 Q. So the person who you are bidding for is on the
23 phone with you telling you what to bid or --

24 A. Sometimes, or they give you a max bid number,
25 like how high they want to go.

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1 Q. And the increments that you are supposed to go
2 up by?

3 A. Yeah. Usually it's the auction dictates the
4 increments, you know. For instance, if a property is
5 going to sell at 300,000, but it starts at 100, the first
6 150,000, everybody is going to bid it up. At the very end
7 it's going to be in \$100 increments.

8 Q. Okay.

9 A. And ultimately, on every auction, it ends up at
10 \$100 increments at the end.

11 Q. So my understanding then is that if you are the
12 successful bidder at one of these auctions --

13 A. Correct.

14 Q. -- at least here in Maricopa County --

15 A. Yes.

16 Q. -- you then have to put down a deposit?

17 A. Correct. \$10,000 bid deposit.

18 Q. Okay. And you do that for your --

19 A. Correct.

20 Q. -- clients that you are bidding on behalf of?

21 A. Correct.

22 Q. Is that your money that you are coming out of
23 pocket on to put the money down? Do the clients advance
24 you \$10,000? How does that work?

25 A. Back -- back in the day, some of it was my

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1 money, some of it was investor money. It just depends on
2 who we were bidding for. So there was a combination, but,
3 yeah, I used a lot of my own money for the bid deposits.
4 Because when we were buying ten houses a day, we were
5 just, you know -- we were running, just covering. It's
6 \$100,000 in bid checks just to be able to bid, so...

7 Q. So then you give the, it's called a bid check,
8 the \$10,000 deposit?

9 A. Deposit check, yeah. They call it a deposit
10 check.

11 Q. You give that to the trustee?

12 A. Correct.

13 Q. And the trustee gives you a receipt?

14 A. Correct.

15 Q. Do you personally do any due diligence on the
16 properties or is that all the buyer?

17 A. We check title. So we -- we -- and it's what
18 they call a light title search. So what we are looking
19 for is that we are just bidding on a first-lien position
20 deed of trust, that we are not bidding on any junior
21 liens.

22 Outside of that, we are not looking -- they let
23 us know if there is federal tax liens and things like
24 that, but we are looking for just deed position, lien
25 position.

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1 The investor normally -- I would tell the
2 investors, go look at the house. I wouldn't bid on a
3 house that I didn't put an eye on myself. So I would tell
4 them, you know, it's up to you to go look at it and do
5 your due diligence. Because my -- me looking at a house
6 and thinking it needs this much work could be completely
7 different from what you see, so I always tell them go look
8 at it.

9 Q. But you don't yourself go do that --

10 A. No.

11 Q. -- or Arizona Investors Alliance didn't go do
12 that?

13 A. No, I did not do drive reports, anything like
14 that. Now, there were times where I would -- if there
15 were houses I was interested in, sure, I would go look at
16 them myself. Yeah, for sure.

17 Q. In terms of the light title search --

18 A. Yes.

19 Q. -- is there software that you used for that?

20 A. No.

21 Q. Is there a company that --

22 A. Title company. Yeah. We would have -- when we
23 were, back in those days, we were having Great American
24 Tile do our title searches.

25 Q. And that's a service that you offered to your

1 investors?

2 A. Yes.

3 Q. How much would one of those title searches cost?

4 A. It was -- actually, they didn't charge us
5 anything, and in return, we tried to get them business.
6 It was kind of a you do the title searches for us and we
7 will give you escrows, we will bring you the escrows, get
8 you title insurance policies and things like that.

9 Q. So once you get the trustee's receipt or the bid
10 receipt --

11 A. Yes.

12 Q. -- what happens then?

13 A. Let's just use a scenario, let's just say I was
14 going to use Denny as a lender. So basically what would
15 happen is at that point I would email the receipt or
16 somebody at the office would email the receipt over to
17 Denny to show what we bought, what we paid for it, and
18 then he would go ahead and talk to the investor, whoever
19 bought it, find out, down payment.

20 And I didn't get involved in any of that. He
21 took care of all of that. And he would just tell me:
22 okay. The investor is either going to come to your office
23 to sign -- my office to sign documents or he is going to
24 come to his office and sign documents.

25 At that point, once Denny got the documents

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1 signed, he would wire us the funds, we would go to the
2 bank, get the funds, and go pay the trustee the balance of
3 funds. And that was our protocol. Pretty much every day
4 was like "Groundhog Day."

5 Q. Was that with all lenders or was that just with
6 DenSco?

7 A. That was just with DenSco.

8 Q. So when you say Denny would wire you the funds,
9 he would wire directly to you, as the bidder --

10 A. To my entity.

11 Q. -- the purchase --

12 A. Yes.

13 Q. -- the purchase price for the property?

14 A. Correct. So let's just give you a scenario.
15 Somebody paid 300,000 for the house. I gave them 10,000
16 at the auction. They go to Denny's office. Denny tells
17 them a combination of whatever the down payment was.

18 So Denny would wire me the entire purchase
19 price. I would take out 290 made payable to the trustee.
20 I would take out the other 10 made payable to my bidders.
21 Again, pay the person that 10,000 that we had put up.
22 That's how we -- that's how we did it.

23 Q. Was it unusual to have the lender send the
24 entire purchase price to you as the bidder as opposed to
25 sending it to the trustees?

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1 A. Trustees would not receive, take wires at that
2 time, that we had to deliver cashier's checks. So that's
3 why we had to -- that's why he had to wire it to me.
4 Preferably we would wire -- you know, if the trustees
5 wouldn't take wires, we asked, and they would not.

6 Q. Was it unusual for the hard-money lender to
7 provide you with the purchase price as opposed to
8 providing you a cashier's check made out to the trustee?

9 A. I didn't find it to be unusual, because that's
10 how I always did it with Denny. But, yeah, none of the
11 other hard-money lenders would actually -- they delivered
12 funds to the trustee. Now we know why, yeah.

13 But, you know, in Denny's defense, there is a
14 handful of us that he did a lot of business with, and I
15 never would have even once in my mind thought that, you
16 know, do what Scott did. I mean, it never even crossed my
17 mind.

18 First of all, we had to get a receipt. I had to
19 pay for the property, and if you didn't pay for the
20 property the next day, there were some repercussions, you
21 know.

22 Q. Did you ever discuss this procedure with Denny?
23 Did you ever ask him, you know, why are you sending me
24 this money? Why don't you make these checks out to the
25 trustee?

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1 A. Well, because it just made sense, because my
2 office was 16th Street and Northern. Denny was at Ray and
3 Kyrene. All the trustees were down here. You know, we
4 only had ten houses to pay for. Logistically it just made
5 sense for me to go get the, you know, funds from the bank
6 at 7th Street and Glendale and come down and pay
7 everybody.

8 It just -- I didn't question it, because it just
9 logistically made sense. And, you know, as Denny is a
10 one-man show, I don't think -- I don't know how
11 logistically he could have. You know, I know he sent
12 couriers and did stuff like that when he needed to, but I
13 don't know how logistically he could have hit all the
14 trustees.

15 Q. You have worked with other hard-money lenders
16 other than DenSco, correct?

17 A. Yes, sir.

18 Q. Presumably they would send a courier or a runner
19 to --

20 A. Yes, somebody, either a courier or one of their
21 people would come out.

22 Q. With a cashier's check made out to the
23 trustee --

24 A. Correct.

25 Q. -- as opposed to you?

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1 A. Correct, yeah. And mind you, when Denny wired
2 the funds to me, he knew that I was going to take out the
3 cashier's check made payable to the trustee. And we made
4 copies of all the checks and have it in files, so he saw
5 every check that we pulled out. And I still have his
6 files, by the way, so if anybody -- I don't know why, but
7 I still have them.

8 Q. Safe to say that DenSco was an outlier in terms
9 of how it funded these transactions?

10 MR. CAMPBELL: Object to form.

11 THE WITNESS: Yeah.

12 Q. Was that a yes?

13 A. Well, it's hard to say, because I didn't know
14 any other way. Denny was my main funder and Denny was my
15 main -- I don't think I went to any other lenders for the
16 first five or six years I was in this business, until
17 Denny was out of money at a certain point, and then we had
18 to go to other lenders, so...

19 Q. In terms of finding a hard-money lender to
20 finance one of your investor's purchases --

21 A. Yes.

22 Q. -- did you discuss with the investor which
23 hard-money lender you were going to try to set them up
24 with, or was that part of the service that you offered,
25 was also finding them financing?

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1 A. Yes. Basically what I told the investor is if
2 you purchase the property at the auction and you need hard
3 money, I guarantee that we will find you hard money. The
4 thing I can't guarantee is what your down payment will be.
5 The terms will -- the terms will be the terms, but I can
6 find you the hard money.

7 Q. Did you ever have investors who came back to you
8 and said: We don't want to use DenSco. Find us someone
9 else?

10 A. Sure. Sure.

11 Q. Who would you find for them?

12 A. There were a handful. RLS was one of them.
13 They were probably second choice for the longest time.
14 Clear Funds was another one.

15 I usually went by who -- you know, it was
16 strictly based on who charged and who didn't. DenSco was
17 never charged a fee, so that was one of the reasons why
18 Denny was always, you know, he never charged a fee, while
19 other guys would have the \$500, \$800, \$1,000 what they
20 would call a funding fee, so...

21 And there were times when Denny would flat just
22 not want to do the loan. So he would tell me, no, you
23 know, find -- there was one specific case I remember I
24 called him on a house that new, young investors, husband
25 and wife, you know, brand-new, they had bought them a

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1 house on the west side of town, and I send it to Denny for
2 funding and he called me up and said: what do you think
3 it's worth? And I told him. We went back and forth. And
4 he said to me: John, so basically this is a new investor
5 with a marginal house that you guys probably paid too much
6 for. Go ahead and give it to somebody else.

7 So he did check. You know, it's not like he
8 just said: Sure, John. Whatever. You know, I trust you.

9 Q. I mean, he checked those values and did that due
10 diligence, notwithstanding that he was operating by
11 himself?

12 A. On every one of my properties that I called him
13 on, I heard him on the computer looking it up. Every
14 investor I gave him, he looked them up to see if they had
15 any foreclosures, any liens.

16 He was diligent. I don't -- I 100 percent say
17 that he -- I deny what, or whatever the word is, I
18 completely disagree with what Scott had said about how he
19 just did business. That is 100 percent incorrect.

20 Q. So as far as you knew, DenSco was also doing due
21 diligence on the buyers?

22 A. Absolutely. He had a blacklist of buyers that
23 he wouldn't loan to. And he told other investors, other
24 hard-money lenders in town. He was the first one to try
25 to start a hard-money lenders network so that they could

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1 network together and make sure they were not making bad
2 loans.

3 Q. Were you part of that number?

4 A. No. I wasn't a lender so I wasn't allowed, but
5 I knew he was trying to get, like, Reichman and some of
6 the other lenders to kind of, you know, get together and
7 set, you know, a standard, how they operate.

8 Q. Do you know if that ever happened?

9 A. No. I think they got pushback from some of the
10 guys that were smaller and didn't want to be involved.

11 And we did always look out for each other,
12 because if I heard something through the grapevine, I
13 would let him know, you know, and he would let me know,
14 so...

15 Q. Go ahead and take a quick look at this.

16 A. Big one?

17 Q. Yeah. Exhibit 986. And for now I just want to
18 focus on the first two pages?

19 A. Yes, sir. I know this one.

20 Q. And I'm just curious. Sort of what were --

21 A. It comes back to bite me. One day Lou was out
22 of town. He was back in New York. He asked me to cover
23 for him, because he was still working for Scott. I
24 covered for him and I happened to buy one property for
25 Scott, and that was the property I purchased. I know

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1 100 percent what this was.

2 Q. Do you -- how many times would you say you went
3 to bid on behalf of Scott or one of his entities?

4 A. Geez. Since I split away from those -- well,
5 Eric, probably twice or three times, and it was only to
6 cover Lou while Lou was employed. Because Lou covered me
7 when I was gone, so as a favor, I covered him as well.

8 And I think to a certain extent Scott knew me so
9 he was comfortable bidding through me, where he didn't get
10 along with a lot of those people down there so I don't
11 think a lot of people would have covered him, so Lou asked
12 me to do it. And I did it for Lou, not for Scott.

13 It figures. I bought one for him, and this is
14 the one.

15 Q. So when it says on this -- so what we are
16 looking at on page -- they are called Bates numbers on the
17 bottom.

18 A. Okay.

19 Q. This one is called D140123.

20 A. Correct.

21 Q. So this is the receipt you get from the trustee
22 after you submit the bid check?

23 A. After the \$10,000 bid deposit, correct.

24 Q. And it looks like here it lists you. It says
25 buyers information is John Ray.

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1 A. Correct.

2 Q. Are you technically the buyer or is --

3 A. They call us the buyer because we are the
4 bidding and we bought it, but it's, if you see, the
5 vesting is the owner who is taking title.

6 Q. Okay.

7 A. It should say bidder. It shouldn't say buyer,
8 because we are not technically buying it. We are not
9 taking title.

10 Q. If you look at --

11 A. By the way, that 501, that's Luigi's number. So
12 I don't know why they put Luigi's number on there, but
13 probably because I was covering Lou at the time.

14 Q. And if you look at the next page --

15 A. Yes.

16 Q. -- the property report --

17 A. Yes.

18 Q. -- this is something generated by your company?

19 A. No. That's got to be -- I believe that's
20 Scott's company.

21 Q. Buyzauctionhomes.com?

22 A. Yeah. I believe that's Scott's company. I
23 believe that's what, like, they created. Like when they
24 bought it, probably one of his office people created this
25 document to start the funding process. That's what it

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1 looks like to me, based on what I see here.

2 Q. It sounds like it was pretty infrequent, at
3 least 2010 onward, for you to be bidding on --

4 A. Oh, no.

5 Q. -- Menaged?

6 A. Yeah. I just covered Lou. It just happened. I
7 may have covered him on several occasions, but this is the
8 only one I ever bought for him.

9 Q. And if you flip towards the end, D140133.

10 A. 133. Okay.

11 Q. It looks Active Funding Group was the hard-money
12 lender that was looking to fund this purchase.

13 A. Yeah. Once -- once it got past the receipt, I
14 had nothing to do with it, so I have no idea who funded it
15 or what.

16 Q. So this wouldn't be a situation where you hooked
17 up --

18 A. No.

19 Q. -- the buyer with AFG?

20 A. No. This is Scott. He already had his stuff
21 all set up and ready to go. All I did was bid it, got him
22 the receipt. They didn't even pay me. I just did it as a
23 favor to Lou. Lou was on a salary with him, I believe,
24 and so when he left town, he had to make sure somebody
25 covered, and I said: I'll cover you.

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1 Yeah, I think he was gone for a couple days. He
2 was back in New York.

3 Yeah, but I have nothing -- I had nothing to do
4 with any of the funding on any of these. I had no idea
5 what was going on after the purchase.

6 (Deposition Exhibit No. 987 was marked for
7 identification.)

8 Q. So we are looking at Exhibit 987.

9 A. Okay.

10 Q. This concerns a purchase made by someone named
11 Chuck Redding.

12 Is that correct?

13 A. Okay.

14 Q. He is the buyer?

15 A. Yes.

16 Q. Do you recognize that name?

17 A. Yes, I do.

18 Q. Was is one of the people you purchased
19 properties for?

20 A. Yes.

21 Q. So how does that work? Do your investors come
22 to you and say find us ten properties in the next week?
23 Do they --

24 A. No. I actually put out a list every night for
25 next-day sale.

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1 Q. Okay.

2 A. The best way I can describe trustee sales is
3 Groundhog Day. Same thing every day, just different
4 properties, different auctions.

5 So we put out a list every night with next-day
6 sales, and I have a database of investors that basically
7 look at me to provide that information.

8 Just a little background. I started the first
9 bid-for-fee company at the courthouse. Before I went down
10 there, everybody just bought inventory. I didn't have any
11 money, so the only way I could play in that game down
12 there was to start a bid for fee, and by osmosis, it grew,
13 because that was an arena that not many people could play
14 in. But because I made it so people could get the
15 information, and when I started in 2000, information was
16 still -- you know, you had to call in, phone lines. The
17 Internet wasn't as prevalent.

18 So that is how my business grew. I became the
19 largest bid-for-fee company. And there is all of these
20 other bid-for-fee companies showed up.

21 Chuck was actually -- he actually trained me.
22 He was my mentor in real estate many years ago. We have
23 been friends since -- and he has since kind of retired and
24 he buys property for himself and his wife, and they flip
25 and they do some stuff in their IRA's and stuff like that.

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1 So Chuck was -- he has been buying for me since the
2 beginning. Since 2000.

3 Q. Towards the bottom of that -- this is an email
4 sent by Ranasha?

5 A. Yes.

6 Q. Towards the bottom it sort of breaks out where
7 the money is supposed to go. It says \$152,000 to Michael
8 Bosco, Trustee.

9 A. Correct.

10 Q. And then it says 10,000 to Luigi or Jace or
11 Monica or John.

12 A. Correct.

13 Q. That's you?

14 Do you know why? Was it just unknown who had
15 put the bid check down?

16 A. No. Because we got so many checks coming in,
17 so -- in fact, I have a check now. I'll show you.
18 It's -- we just have everybody's name on it. I left it
19 downstairs.

20 We have, like, right now Lou and I carry checks
21 with my name and his name on it. So in case one of us
22 needs to hit a sale, we always have a bid check, so that's
23 why. They were my bidders. Monica was an employee, Jace
24 was one of my partners, Lou, and myself. So we put all
25 our -- every check had all of our names on it, because you

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1 never knew who came back to the office or who needed to
2 grab checks, so we just -- whatever was available, so we
3 had all our names on the checks.

4 Q. So was Lou working for you at this time or --

5 A. What date was that?

6 Q. This was April 2012.

7 A. Lou never actually -- Lou was never on payroll.
8 He never worked for me, but we were always friends and we
9 always did business together. So he might have been just
10 helping us cover sales at the time.

11 Because this is a time when we were really busy,
12 and so Lou might have been just covering -- helping us
13 cover sales at the time. But he was never one of my
14 employees. He was never, like, on payroll. Like, Monica
15 was on payroll. Jace was a partner. He was on payroll.

16 Q. And then it looks like later that weekend,
17 Ranasha flips this to Denny to see if Denny will fund the
18 purchase?

19 A. Correct.

20 Q. I'm assuming that's how that works.

21 A. Or it went to Chuck and Denny all at the same
22 time. And remember when I told you about -- so this is
23 what we did for Great American. Every property we bought,
24 we sent a title insurance quote. So by doing that, they
25 did title searches for us.

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1 Q. In terms of putting out that list that you put
2 out every day --

3 A. Yes, sir.

4 Q. -- have you already done the title work?

5 A. No.

6 Q. Okay.

7 A. So the list goes out 4:00, 5:00, 6:00 o'clock
8 the night before. When that list goes out, there is also
9 a list of property that goes to the title company. So the
10 next morning by 9:00 a.m., the title company has an email
11 back and it usually says -- it's just a quick list that
12 says first, second, first, second, just letting us know.

13 And by the way, they don't guarantee it. It's a
14 soft search, so...

15 Q. Right.

16 A. They are giving us information, but we still
17 have to decipher through it.

18 Q. And I understand this is information you provide
19 to your investors, the soft title search?

20 A. I do -- what I do is I basically -- because a
21 lot of the investors don't understand. So if there is
22 something wrong with the property, I tell them, look,
23 there is something wrong with the property, I just tell
24 them: Look, don't buy. We are not going to buy. I don't
25 let them buy, because I don't want trouble.

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1 Q. Is that information that you send to the lender
2 as well?

3 A. No. Usually, like in DenSco's case, Denny did
4 his due diligence and made sure there were no liens. He
5 called title. Every lender does that. They will get a --
6 in fact, before the lender will fund it, they usually ask
7 for some kind of prelim, not a full prelim, but something
8 showing that it's a first lien.

9 Q. How do you know that Denny did that?

10 A. He worked with title companies quite a bit, and
11 if he ever had a question, he would call. He would always
12 call.

13 Q. Call you or call the title?

14 A. Call us or call the title company.

15 Q. So are you just assuming that he did that on all
16 of these, or did he tell you he was doing it on all of
17 them?

18 A. Well, I wouldn't say he did it on all of them.
19 There were way too many for him to do it on all of them,
20 but if there was a question, he would definitely
21 double-check.

22 See, most of them were pretty cut and dried.
23 It's a first-lien position, FHA loan. If that goes to
24 sell, every other lien is extinguished, except for county
25 taxes. So, you know, it's not rocket science. It's the

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1 ones that are kind of tricky.

2 Q. Do you know if Denny then also took out title
3 insurance on the properties that he funded?

4 A. In the beginning, nobody required title
5 insurance. Towards the end, I don't know exactly when, I
6 believe he was requiring a lender's policy. I believe he
7 was. I don't know 100 percent, but I thought --

8 Q. When you say towards the beginning, what does
9 that mean sort of?

10 A. When we first started in 2000, I -- it was -- it
11 was protocol in our business to tell people you don't need
12 title insurance. It's a trustee sale. It's -- you know,
13 it's a good -- it's a good deal as long as we bought a
14 first, and we never told people to get title insurance.

15 well, as things progressed, I realized it was
16 better to tell people: Hey, you just spent 200,000 on a
17 house. 500 bucks for title insurance is not a bad idea.

18 So at that point, not only that, when the
19 foreclosures went crazy, there were a lot of errors being
20 made, so that's when a lot of the hard-money lenders
21 started requiring title insurance. There was a lot of
22 errors, there was more fraud, so they all required title
23 insurance. I think every hard-money lender now will
24 require a lender's policy, where five years ago they
25 probably did not.

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1 Q. So errors being, for example, things not being
2 released correctly?

3 A. Correct. Correct.

4 Q. Double lienning?

5 A. Yeah. Yeah. A lot of things like that. I
6 mean, you know, stuff that Scott supposedly did. I'm sure
7 other people did prior to him, and then people had to
8 clean it up, so...

9 Q. And you think Denny was getting title insurance
10 towards the end?

11 A. Yes, I believe he was. I believe he required
12 it. I heard that somebody said that he required it on one
13 of the deals. Not 100 percent sure, but I believe most of
14 the hard-money lenders was requiring that they had title.
15 Even if they didn't have an owner's policy, that they had
16 a lender's policy.

17 Q. So it sounds like this wasn't something Denny
18 told you. It was something one of your investors may have
19 told you?

20 A. Yeah. I probably heard it through the
21 grapevine, yeah. I don't think -- I don't think Denny and
22 I were doing business and talking that much that he would
23 have told me.

24 Q. And at the top you see Denny's email to Scott
25 Smith --

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1 A. Yes.

2 Q. -- where he says: Make the check out to DenSco
3 for 23,300.

4 A. Yes.

5 Q. I'll wire the 163,300 to AIA.

6 A. Correct.

7 Q. AIA is your company, correct?

8 A. Yes.

9 Q. So this goes back to your prior testimony that
10 he would send the money --

11 A. Correct.

12 Q. -- directly to you as opposed to the trustee?

13 A. Correct. So my assumption on this, in this
14 scenario, is the purchase price was 163,300. Denny wanted
15 23,300 down. He is going to loan them 140,000, but
16 because they were going to his office, he had them bring
17 in the 23,000. Out of that 23,000, 10,000 belongs to me,
18 because that's part of the down payment on or bid deposit.

19 So that my assumption is, yeah, the investor put
20 in 23,000, Denny loaned him 140. He wired the entire
21 amount to me. I pulled it out, kept my ten, paid for the
22 property.

23 Q. Do you think in 2012 the trustee companies were
24 taking wires?

25 A. I still -- there are some that still won't.

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1 Auction.com will take it, Tiffany & Bosco will, but like
2 Trustee Corps, some of them, they still will not. So,
3 yeah, it's still -- I don't know. It's very -- trustee
4 sales is very archaic still. Considering computers and
5 everything that we have, I mean, we still have to go down
6 and stand in that 100 degrees out at the courthouse and
7 verbalize our bids.

8 Q. Do you know who Scott Smith is?

9 A. The name sounds familiar, but I don't.

10 Q. Does the email address seem -- from ultimatellc?

11 A. The only Ultimate I remember back in the day
12 was -- was a company that gave data, that sold data,
13 Ultimate Information Service. I don't know -- Scott Smith
14 sounds familiar, but I don't know. And that's a common
15 name, so I don't think -- it doesn't ring a bell. He was
16 one of our investors apparently. I mean, we had thousands
17 of these, so I didn't know all of them.

18 (Deposition Exhibit No. 988 was marked for
19 identification.)

20 Q. Handing you what's been marked as Exhibit 988,
21 which is an email from Denny to yourself and Scott
22 Menaged, August 11th, 2008.

23 A. Okay.

24 Q. And in it Denny writes, "Here is the new and
25 improved lender form!" And then he attaches a Property

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1 Information Sheet.

2 A. Right.

3 Q. Do you know what this is or why he was sending
4 it to both you and Scott?

5 A. I believe it's just what he wanted filled out.
6 Instead of us calling him and giving him information, he
7 wanted it filled out and emailed over or faxed over.

8 I don't recall filling these out. I believe
9 Ranasha or somebody in the office probably would have
10 filled this out, but I think that's what it was for.

11 Q. If you look at the Property Information Sheet,
12 it says, under financing info --

13 A. Yes.

14 Q. -- an AIA fee amount.

15 A. Correct.

16 Q. Is that -- do you believe that's your bid fee
17 amount?

18 A. That's correct, because if he had to send it
19 over to us. And back in the day we had some different bid
20 fees. Some of our -- when I first started, my fee was
21 1500, then I raised it to 3,000. And at the height, it
22 was 3 and 5,000, depending on the price of the property,
23 but those old clients were grandfathered in. So he just
24 maybe -- we have it in there just so there is no
25 discrepancy on the fee.

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1 Q. Is it possible, since Denny sent this to both
2 you and Scott, maybe you were doing a fair amount of bid
3 work for Scott at this time?

4 A. I didn't bid for Scott. I can guarantee you I
5 did not bid for Scott. In fact Scott in 2008 was partners
6 with Eric Weinbrenner, and they had their own bidders down
7 there, and Luigi was actually one of his bidders.

8 So I had my own bidders. I wasn't even bidding,
9 to be honest with you. In 2008 I was in the office. I
10 had employees that bid.

11 Q. So do you have any -- do you know why he would
12 have sent this to both you and Scott at this time?

13 A. Probably just for our office. I don't know why
14 he sent it to me. I don't even remember these forms, to
15 be honest. Yeah, I'm not sure why he sent it to me. You
16 would think he would have sent it to Ranasha or one of the
17 girls at the office.

18 The only thing I would check is 8/11 -- I'm just
19 trying to think when I moved into my office, because this
20 is -- this is what happened. 2007, Eric Weinbrenner and I
21 became partners. That partnership lasted about one year.
22 At that time I officed -- that was the time I officed with
23 Eric and I shared his employees.

24 well, Scott was in New York at the time, but he
25 came back into town, and Eric and my business model didn't

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1 mesh together, because he bought inventory, I bid for
2 clients, and if my client wanted a property and he wanted
3 it for inventory, it didn't work.

4 So we decided our models didn't work together so
5 we separated, and that's when Scott came in and actually
6 took over the office I was in and became Eric's partner.

7 So the only reason I can think is if this is
8 before I got out of the office, maybe just Denny emailed
9 it to us both because we were in the same office. We were
10 in the same office for a period of about three or four
11 months, until I moved, until I got my office and moved
12 out, so...

13 Q. Just out of the curiosity, when you say Eric's
14 business model was to purchase for inventory, what does
15 that mean? You would just hold the properties?

16 A. He was a strict wholesaler, so he would not --
17 so if I bid for somebody, somebody made a commitment, say
18 I'm going to this, Eric would just buy it and then try to
19 sell to his database for more money, so the true essence
20 of wholesaling.

21 Q. All right. So we have talked a fair amount
22 about DenSco and Denny already, but how did you come to
23 know Denny or DenSco properties?

24 A. I also bought the business, it was called
25 Maricopa Investors Alliance, from a couple of guys names

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1 Rick Rickert and Rick Vullo. And at that time they were
2 just starting a business relationship with Denny, and
3 Ranasha was one of their employees.

4 So when I bought the company from them, I took
5 over Ranasha and Lauren, the two employees, and Denny was
6 already in the mix when I kind of took over.

7 Q. I'm sorry. What were the names? Rick?

8 A. Rick Vullo, v-u-l-l-o; and Rick Rickert,
9 R-i-c-k-e-r-t.

10 Q. So Ranasha was already in place?

11 A. Yes.

12 Q. And as a result of Ranasha being in place and
13 Maricopa Investors Alliance starting to work with
14 DenSco --

15 A. Correct.

16 Q. -- and Denny, you sort of picked up that
17 relationship?

18 A. Correct.

19 Q. Prior -- and when did you buy Maricopa Investors
20 Alliance?

21 A. December -- no. 2000, late 2000, I believe it
22 was. Like November 2000, October 2000, somewhere right in
23 there.

24 Q. And did you change the name then to --

25 A. Yes. I changed it to Arizona Investors. That's

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1 when I had JRI Properties, and I changed it to Arizona
2 Investors Alliance, and I changed the name of the company
3 to Arizona Investors Alliance.

4 They didn't really have a whole lot to sell me.
5 They had their client based at a little bit of a system
6 setup. Basically I gave them \$3,000 and 50 percent of
7 everything that we made in the next three months, so it
8 wasn't a lot. They were fighting and they didn't want to
9 sell it to each other, so I got it by default, basically.
10 And at that time I worked for those guys.

11 Q. Prior to buying it, you worked for them?

12 A. I was an individual down there doing my own
13 thing. They came to me and said: Hey, do you want to run
14 our trustee sale side, because we are going to do
15 pre-foreclosures. So I kind of worked for them. I ran
16 their trustee sale side, but then two or three months they
17 were like: we are going to shut it down. If you want the
18 trustee sale side, give us 3 grand. I said: Okay. Yeah.
19 Sure.

20 Q. What were you doing prior to purchasing?

21 A. I was just down there by myself --

22 Q. Okay.

23 A. -- doing my own thing. I was a realtor prior to
24 that, and so what happened was I had a few investors in my
25 office. They said: Yeah, we really want to get down and

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1 play that courthouse game and we don't know how. So I
2 basically gave myself six months to go down there and see
3 if I could make it happen.

4 Q. Okay. And in doing that, you didn't run across
5 DenSco or form a relation with Denny or DenSco?

6 A. Not until I bought the property. I met Denny at
7 in event with Maricopa Investors Alliance.

8 Q. What was your impression of Denny?

9 A. Sharp guy. Dressed funny.

10 Q. You say dressed funny?

11 A. Yeah. He never wore anything but shorts and
12 T-shirts, so...

13 MR. CAMPBELL: Marvin dressed up today.

14 THE WITNESS: Yeah. Me and my flip-flops on.
15 But, you know, you are thinking hard-money lender, lots of
16 money, and then you see a guy, you know, but that's why I
17 kind of appreciated Denny. He was Denny. He was real,
18 you know. He wasn't putting on a show for anybody.

19 Q. He didn't show up in a suit?

20 A. No. No. He wasn't putting on a show for
21 anybody. And I recall one time I thought I was a bigshot,
22 because I was doing a lot of business with him, and I
23 asked him, I said: Hey, Denny, I'm buying this one for
24 me. How about giving me a deal on the interest rate? And
25 he said to me: well, John, I'd love to, but since my mom

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1 pays 18 percent, it would be wrong to give you a discount.

2 It kind of told me exactly how he ran his business.

3 Q. Did you get the sense that he knew what he was
4 doing as well?

5 A. Absolutely, 100 percent. If there was ever a
6 question that I wanted a straight answer, I'd ask Denny.

7 He was also the one person that yelled at me
8 when I wasn't doing what I was supposed to be doing. I
9 was having too much fun, and he was the one person that
10 called me up and set me straight, and I actually, you
11 know, didn't tell him to go away because I actually
12 respected what he had to say.

13 Q. When you say he yelled at you for not doing what
14 you were supposed to be doing, what do you mean?

15 A. I was making a lot of money and having a good
16 time and not watching my -- you know, I wasn't watching
17 the house. And he called me up and said: Hey, get your
18 head out of your butt and run your business. So...

19 And if it was anybody else, I probably would
20 have told them to go stick it, but when it came from
21 Denny, I took it to heart.

22 Q. So when you say you would approach him with
23 questions about things, what sort of things would you ask
24 him?

25 A. Just financial things. He was very smart

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1 financially, where the market was going, what he thought
2 was going. You know, I would ask him: what do you think
3 is going on with the market? Everybody is paying so much,
4 you know. Just things like that. And it wasn't often.
5 You know, in passing every once in a while, but none of
6 that happened after 2012.

7 Q. what happened in 2012?

8 A. Well, after I got sued by the Thompsons, our
9 relationship. And then, you know, I closed down my office
10 and Denny and Ranasha got divorced, and it just --
11 everything kind of, you know, everything just kind of went
12 in a different direction. Because when Ranasha was in the
13 office and we were all there, you know, we talked. It was
14 just every day that we talked to everybody. It was part
15 of what we did every day.

16 Q. So in addition to being a bidder who hooked up
17 your investors with DenSco, you also borrowed money from
18 DenSco yourself?

19 A. Yes, I did.

20 Q. Did you look at other lenders to borrow money
21 from?

22 A. Yes, I did.

23 Q. What other lenders did you borrow from?

24 A. The other lenders mostly were individuals. I
25 had an older gentleman named Art Coches (phonetic). He

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1 was a guy in my office, my real estate office that I knew
2 for many years, and he wanted to loan out his money, so he
3 loaned me money at 15 percent. It was a little bit
4 cheaper than Denny's money, so if I knew I was going to
5 hold it for a little bit longer and Art had money
6 available, I would borrow money from Art.

7 Q. I was going to ask, how did you decide whether
8 to borrow money from DenSco or whether to borrow from
9 someone else?

10 A. Availability, ease, and what I was going to do
11 with the property. There were a couple properties that I
12 ended up having to sell that Art's money was on, because I
13 had planned on holding it. They were properties I had
14 bought real cheap, and even with 15 percent money, I was
15 able to cash flow it. And I knew that Art didn't care if
16 I had it for a month or if I had it for a year, so that's
17 why -- you know, I wanted to keep it for a rental, so I
18 would use Art's money.

19 Q. DenSco, on the other hand, what would you --
20 short term?

21 A. Six months. And at 18 percent, yeah, I don't
22 want it more than six months. So those were, you know --
23 and plus, those were ones where: Hey, Denny, you know, I
24 bought it. I don't know what I'm going to do with it, but
25 I'm probably going to flip it, but can you fund it. You

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1 know, as long as the values were there, he would fund it.

2 Q. Did Denny ever say no to you?

3 A. Oh, yeah. If the value wasn't there, he would
4 tell me no for sure. Yeah.

5 He was -- he was always the one that gave me the
6 real advice. I have a hard time evicting people. Like we
7 buy houses that are occupied.

8 I never forget another one. Denny loaned me
9 \$355,000 on a house in Scottsdale that was an assisted
10 care home, and it's a \$5,300 a month payment at
11 18 percent. I knocked on the door and I find out it's an
12 assisted care home. I can't kick these people out. Five
13 old people living there.

14 So I'm trying to work something out with them,
15 and I remember the phone call and conversation I had with
16 Denny. He is like: John, kick them out. He goes: I
17 don't care if it's your grandmother. Your business. You
18 need to kick them out.

19 And long story short, I tried to work it out and
20 I tried to help the people, and I lost about \$30,000 and I
21 ended up kicking them out anyways. But Denny was right.
22 I should have kicked them out in the first place.

23 I got a cheaper loan from that gentleman,
24 Mr. Sherman, to try to see if I could make it work and let
25 them pay me rent and let them stay, and it ended up

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1 becoming a fiasco because they couldn't -- they told me
2 they could pay me 3800 and they couldn't pay that, so
3 anyways...

4 Q. Safe to say Denny was about the business?

5 A. Business. I mean, he wasn't heartless, but he,
6 you know, he knew. He knew if you give them an inch, they
7 are going to take a mile. And you are paying me 5200 a
8 month. You need to take care of it.

9 Q. Did you socialize with Denny?

10 A. Only occasionally. I have been to his house on
11 many occasions for -- his kids were about the same age as
12 my son, so we went to a lot of birthday parties and things
13 like that.

14 I never went out with Denny. I don't think he's
15 a drinker. I'm not a drinker. We never did any of that.
16 The only thing I even remember him going to socially was
17 that Christmas party. One of my first years in business I
18 had a Christmas party, and I believe he showed up, him and
19 Ranasha.

20 Q. It sounds like your relationship with Denny was
21 also mostly professional?

22 A. Yeah, pretty much.

23 Q. Did you consider him a friend?

24 A. Yes, I considered him a friend. Absolutely.

25 Q. Did you ever go to him with sort of personal

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1 issues? Like would you guys discuss -- I don't know if
2 you are married, but your marriages, your relationships?

3 A. No, because his wife was my office manager, so I
4 tried not to go in that direction, you know. I mean,
5 especially towards the end when they were having problems,
6 I just didn't, you know, I didn't want to go in that
7 direction at all.

8 Q. Did you know they were having problems?

9 A. I did not. I did not until I found out that
10 they were separating.

11 Q. So Denny never confided in you, here is what's
12 going on?

13 A. No. He was very private. Yeah.

14 Q. And I take it then Ranasha also didn't sort of
15 tell you, like I'm having problems?

16 A. No, not really. I mean, you could tell
17 sometimes when she was having a bad day, but other than
18 that, you know -- but Denny was Denny. You know, like
19 Denny was, he was -- I don't want to use the word cheap,
20 but, you know, he didn't like to spend money. So some of
21 the things Ranasha would complain about: You know Denny.
22 He won't do this. He won't do that. It's like: Yeah, we
23 know. You are not going to -- you know, he is still
24 wearing that old T-shirt. He is not going to buy anything
25 new.

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1 Q. So it sounds like Denny liked making money, but
2 didn't like spending it? would that be safe to say?

3 A. Yeah. I don't see him spending -- I didn't see
4 him spending money. I was shocked when he bought that
5 Tesla. But when I sat down and talked to -- because that
6 was when we were doing that McKinley property. He drove
7 that Tesla to the McKinley property. I remember sitting
8 in the car with him, and he explained to me why he bought
9 it. He had it all figured out, the tax write-offs and
10 everything else and why he bought it, and he wouldn't buy
11 it unless it made sense.

12 In fact, we used to give him a hard time,
13 because he drove this old Lexus forever. We are like:
14 Denny. His kids used to give him a hard time.

15 Q. Once Denny made his mind up, his mind was made
16 up or --

17 A. I would say so. I could never -- like, if he
18 said he wasn't going to fund something, it's not like I
19 could call him and say: Hey, what if? If he wasn't going
20 to do it, he wasn't going to do it, you know, so...

21 And, again, that's mostly business. I didn't
22 talk to him a lot about personal stuff. So we talked
23 about our kids, you know, coaching, computer, school, that
24 kind of stuff of thing, you know, stuff related to -- I
25 had, you know, my boy was 6 at the time. I think his kids

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1 were the same age, so...

2 Q. Denny ever complain about having to pay fees to
3 his accountants or his lawyers?

4 A. No, not really. No.

5 (Deposition Exhibit No. 989 was marked for
6 identification.)

7 Q. So go ahead. You were saying something about an
8 HOA?

9 A. I know he was instrumental in helping their
10 subdivision eliminate a lot of the HOA costs they were
11 having. I heard -- you know, I knew his friend Bill.
12 Bill was a friend of mine, one of the investors, and Bill
13 and I sat next to each other at the Suns game, and we'd
14 talk. He was like: Yeah, Denny got rid of the HOA and
15 saved us all kinds of money and it runs better than it
16 ever did, so...

17 Q. Is that Bill and Dee?

18 A. Bill Swirtz.

19 Q. Bill Swirtz?

20 A. Yes. In fact, Bill was the one that notified me
21 of what happened to Denny. I wasn't aware of what
22 happened to Denny until Bill called me.

23 Q. Would you -- do you know who Denny's friends
24 were, who Denny might consider as friends?

25 A. Gosh, you know, I didn't really see him

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1 socializing that much. I didn't see him out. I didn't
2 see him -- I mean, most of the people I heard him talk,
3 like Scott Gould was like his, you know, his like
4 confidant, but it was about business stuff, you know.

5 Q. Do you know if him and Ranasha went out often or
6 did they travel, go on dates?

7 A. Now that you mention it, you know, I never heard
8 a lot of stories about we went and did this, did that.
9 No, not a lot. No. I don't recall much of that at all,
10 actually, now that you ask.

11 Q. So we are now up to Exhibit 989.

12 A. I don't know if this matters, but just to give
13 you an idea --

14 MR. CAMPBELL: If it doesn't matter, don't say
15 it.

16 THE WITNESS: Well, this is the kind of guy I
17 think Denny was. An investor called me. He had a million
18 bucks. This is probably -- and I can't -- I can get the
19 guy's name. I don't remember off the top of my head.

20 Q. One of your investors?

21 A. One of my -- one of Denny's investors as well.

22 Q. Okay.

23 A. In fact, I had some investors that actually
24 stopped doing business with me, went on to bigger and
25 better things, but was still doing business with Denny.

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1 well, one of them called me. It wasn't the guy
2 I knew, but it was one of his buddies or whatever, but I
3 knew him. And he said: I got a million bucks but I want
4 to put it somewhere. And I said: well, did you talk to
5 Denny? And he said: Yes, but he is not taking money
6 right now.

7 And I was, like, I thought that was kind of odd,
8 but I didn't question it. So I was looking. well, I
9 don't know of any other hard-money lenders to refer you
10 to, but if I hear of, you know, I will see if I can find
11 any, but that never went anything past that.

12 But that was probably two months prior to all of
13 this stuff going down, so in my head, I was like, well,
14 Denny could have easily taken the guy's million bucks and
15 did something with it, but he didn't, you know.

16 Q. When you say two months prior to all this stuff
17 going down, you mean prior to Denny committing suicide --

18 A. I believe.

19 Q. -- or prior to this whole --

20 A. Two months, maybe it was six months, but it was
21 prior to Denny committing suicide, and that made me
22 realize that Denny already -- when I thought it through,
23 that was one of the things I thought about, is, okay, even
24 back when I referred him that guy, Denny already knew.
25 Obviously Denny was not taking the money because he knew

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1 what was going on or what was about to happen or whatever.

2 Q. Did you ever talk to Denny about why he didn't
3 take the money?

4 A. No. I just leave it, you know. Again, I wasn't
5 talking to him that much, so I wasn't -- I figured he --
6 this was a time when the market wasn't as crazy so
7 hard-money lenders had money. So sometimes if he had
8 money he wouldn't take it, because why, you know, if you
9 can't put it out, why take it?

10 MR. CAMPBELL: Move to strike. Nonresponsive.

11 THE WITNESS: Sorry.

12 Q. So it sounds like in 2016 you weren't really
13 talking to Denny that often?

14 A. No. Not at all, really.

15 Q. Is it because you weren't really in the game
16 anymore?

17 A. Yeah. We weren't doing business and I wasn't
18 really in the game, yeah.

19 Q. You didn't call him up just to see how things
20 were going?

21 A. No, I really didn't. No. I was shocked when I
22 got the call from Bill. I was, like, not many times in my
23 life I felt like I had to sit down. That caught me by
24 surprise.

25 Q. Did your kids still play together?

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1 A. They didn't play. We just went to, like their
2 birthday parties and they came to our birthday parties.
3 Nothing, you know, more of because she worked, because we
4 had a business relationship, we invited them, they invited
5 us kind of thing. They never hung out and did stuff
6 together, outside of those events.

7 Q. Let's take a quick look at Exhibit 989, which
8 looks to be what may be a loan file with respect to a loan
9 that was made to Arizona Investors Alliance?

10 A. Yes.

11 Q. And it looks like Arizona Investors Alliance was
12 the buyer in this case, the borrower?

13 A. You guys find all the good ones.

14 Q. Is there something about this loan that stands
15 out?

16 A. Just personal. One of my partners ripped me off
17 on this one. You find the good ones.

18 Q. If you look at page -- I'm sorry. Here -- it's
19 D086586.

20 A. What was that again? 8 --

21 Q. 86586. It's the note.

22 A. I got it. Yes.

23 Q. Did you ever negotiate the terms of the notes
24 with Denny?

25 A. I tried that one time. Never after that.

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1 Q. So the terms were whatever Denny was --

2 A. 18 percent. Yeah, 18 percent. Always
3 18 percent. No fees. Just straight 18 percent per diem.

4 Q. Did you ever shop around for cheaper money?

5 A. No, because he loaned me 100 percent, and other
6 people, I had to put down a down payment so it made a
7 difference. Working capital, so I willing wanted to pay
8 the little extra. And honestly, back in those days,
9 nobody was discounting. Everybody was at 18 percent.

10 Q. So other lenders would require you to put some
11 skin in the game?

12 A. Yeah.

13 Q. Denny didn't?

14 A. Denny didn't.

15 Q. Do you know if Denny required that other
16 borrowers put money down?

17 A. Most -- most of, like, most of my regular
18 investors. I believe he only made deviations on a down
19 payment to his investors that he has had for a long time.
20 I have known of a couple other people that had, you know,
21 instead of doing 20 percent, they could do 10,000 or
22 10 percent, but they had established much -- you know, a
23 relationship with him.

24 Q. So this is your signature here at the bottom,
25 correct?

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1 A. Yes, it is.

2 Q. Do you recall generally, when you borrowed money
3 from DenSco, where did you sign the loan documents?

4 A. Either at -- most of the time in my office,
5 yeah, because he would usually just email it over.

6 Q. And then you would fax it back to him?

7 A. Yeah, or Ranasha would just take it. Because we
8 had electronic recording in our office, so we would record
9 it and either take it home or mail it.

10 Q. I think you testified before you would talk to
11 Denny about your valuation of the property?

12 A. Yes, sir.

13 Q. He was lending 100 percent of the property?

14 A. Yeah, of the purchase price, but I was always
15 buying at about 70 to 80 percent LTV's so he still felt
16 like he had enough skin in the game.

17 And, again, I don't know of anybody else that he
18 did that for. He wouldn't do it for any of my investors.
19 Now, some of them he would do a discount, but it was
20 always something, you know.

21 Q. How would you go about trying to determine what
22 the value of the properties were?

23 A. Strictly based on my experience as a realtor and
24 looking on MLS and just doing a CMA.

25 Q. Do you know how Denny approached valuation?

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1 A. Pretty much the same way. He had access to
2 multiple listing. He would look at tax records. I mean,
3 we would talk about specific properties, like, well, here
4 is a comp here, you know, this and that. So, yeah, he was
5 specific. He looked at it pretty closely.

6 Obviously with guys like me and guys he knew, he
7 would give us a little bit more of a leeway.

8 Q. Did you have to sign any loan guarantees?

9 A. The only thing I ever signed was a personal
10 guarantee at the bottom of the note.

11 Q. I see.

12 A. And he made that part of all of his notes, was
13 they had a personal guarantee involved.

14 Q. If you flip the page --

15 A. Yes.

16 Q. -- we have got a mortgage here.

17 A. Yes.

18 Q. And my understanding, tell me if I'm wrong, is
19 this is something that Denny would record before the
20 trustee's deed --

21 A. Correct.

22 Q. -- to sort of cloud title?

23 A. Correct, to protect his money until they got the
24 deed recorded.

25 Q. Right.

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1 A. Correct.

2 Q. Was that sort of a typical procedure used by
3 lenders?

4 A. Yes, because there is about a seven- to ten-day
5 window, until they received the deed, that their money is
6 not protected, so he clouds the title with the mortgage.
7 When the trustee's deed is recorded, it actually wipes out
8 this mortgage and then he re-records the deed of trust.

9 Q. Who gets the trustee's deed when it's issued?
10 Does it come to you as the buyer?

11 A. It goes to the buyer, yeah. Whoever is taking
12 title, yes.

13 Q. And then would you send that to Denny?

14 A. No. We would just keep it. He would look up in
15 tax records to make sure that we recorded correctly.

16 Q. How do you know that he did that?

17 A. Because he would always call. Like, he would
18 always call us and say: Hey, where is the deed for this?
19 Because he was very diligent. So if we knew that we
20 bought the property today, he would be looking online to
21 see if the deed was recorded. And if he didn't see it,
22 seven days later he would call us and say: Hey, check on
23 this deed. It's not recorded yet. Because he is looking
24 to record his deed of trust.

25 Q. And he did that frequently?

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1 A. Oh, yeah. Oh, yeah. If there was anything
2 missing, he would call us. That's one thing. He was --
3 his paper trail was, he recorded immediately. He had
4 recording capability in his home as well, too, so he could
5 record right there.

6 Q. And the reason the trustee deed is important is
7 because without the trustee's deed, there is nothing
8 recorded showing that the property changed hands?

9 A. Correct. Correct. And the instrument actually
10 extinguishes all of the other liens that were prior, so...

11 Q. If you look at the top under Mortgage --

12 A. Yes.

13 Q. -- it says: The undersigned borrower --
14 "Borrower" in this case is your company,
15 correct?

16 A. Correct.

17 Q. -- acknowledges receipts of the proceeds of a
18 loan from DenSco Investment Corporation ("Lender") in the
19 sum of one 139,100, as evidenced by check payable to:
20 Recontrust Company, the trustee.

21 Do you see that?

22 A. Correct.

23 Q. But Denny didn't actually issue checks to the
24 trustee, correct?

25 A. Correct.

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1 Q. He would fund the loan directly to you?

2 A. On this one, I would probably have gone to the
3 bank and picked up the check for 131,900, Recontrust.

4 Q. Do you ever recall a time where Denny wired the
5 funds directly to the trustee or gave you a check made out
6 to the trustee?

7 A. There was one or two occasions. I think one
8 time I had to go meet him, only because we made a mistake
9 and we had to go correct it, and the only thing we could
10 do was I had to go meet him at his bank. And I went to
11 his bank and got a check from him, and it was already made
12 payable to the trustee.

13 But 99 percent of the time, it was either wired
14 to us or -- I'm trying to think if -- a few times an
15 investor might have gone to his office, received the
16 checks from Denny and brought it to my office. They were
17 made payable to the trustee.

18 Q. Okay.

19 A. But most of the time it was easier for him to
20 just send it to us and then we would get the checks cut.

21 Q. And then it looks like -- so Ranasha notarizes
22 this mortgage --

23 A. Correct.

24 Q. -- at the bottom, is that correct?

25 A. Correct.

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1 Q. I'm assuming -- well, I shouldn't assume.

2 Did she do this at your office?

3 A. Yes. Yes. 2011?

4 Q. Yes.

5 A. Yes.

6 Q. Did Ranasha continue to work for you after the
7 divorce?

8 A. Yes. She was with me until we shut it down.

9 Q. Did she ever talk to you about the divorce after
10 it happened?

11 A. No. I mean, we didn't talk a lot about personal
12 stuff. I don't think she wanted to get -- because she
13 knew I was friends with Denny as well, you know. And, I
14 mean, we discussed little things, you know, about, again,
15 Denny.

16 She didn't want anything. She -- from what I
17 remember, she was like: I'm not taking a dime. And
18 that's the only thing I remember about the divorce. I
19 felt kind of bad for her because she didn't even keep her
20 car. You know, she was a friend of mine as well, and I
21 was like you should at least keep your car. Geez, you
22 know. So I kind of thought Denny was being a hardball,
23 but, you know, that's not my place to say. I felt bad for
24 her, though.

25 Q. So it didn't strike you that she really walked

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1 away with much --

2 A. No.

3 Q. -- in this divorce?

4 A. No, but she is good. She is a good girl. She
5 has got it together.

6 Q. Did you know why they got divorced at the time
7 it happened?

8 A. I have no idea. No. I just -- they were an odd
9 couple to begin with, so...

10 Q. why is that?

11 A. Well, I mean, Denny different. You know, Denny
12 is conservative. Ranasha was a Suns dancer and, you know,
13 danced and, you know, she was outgoing. Just they were --
14 it didn't seem like a, you know --

15 Q. A perfect match?

16 A. Yeah. I mean, they didn't --

17 Q. Opposites attract kind of thing?

18 A. But I think it was -- Ranasha was smart, you
19 know, and she helped Denny a lot with setting up stuff and
20 paperwork and stuff like that, so...

21 Yeah, Ro was one girl I knew I could count on.

22 Q. Do you recall, was there ever a time where you
23 sort of would send this paperwork to Denny to have someone
24 notarize later, or was Ranasha always the one who was
25 there and notarized documents?

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1 A. I'm sure -- I don't know specifics, but I'm sure
2 there were times when somebody came to Denny's office.
3 And I don't want to get Ranasha in trouble, obviously, but
4 I'm sure there were times when Denny had somebody come to
5 the house, their home office, sign the documents. When
6 Ranasha got home from work, probably notarized the
7 document because Denny watched them sign it, and it was
8 probably somebody they have known and, you know, done
9 business with.

10 I can't say I ever saw her notarize a document
11 after the fact, but I can remember an occasion where it
12 was like, yeah, we will notarize it later, you know, but
13 nothing -- nothing fraudulent intended.

14 Q. Sure. And I'm not suggesting that there was.
15 I'm just trying to get the process down.

16 A. More convenience, yeah. Right.

17 Q. And you believe this happened because investors
18 told you that?

19 A. No. I believe it happened, because I think it
20 just -- you know, it's like I heard, like: He is going to
21 come here. He is going to sign the documents. Ro will --
22 Ro will notarize it later and then we will wire the funds.
23 So, you know, it wasn't like -- I never even thought about
24 it. It was more for convenience so the investor didn't
25 have to come to all the way to the office for a notary.

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1 (Deposition Exhibit No. 990 was marked for
2 identification.)

3 Q. I'm handing you what's been marked as
4 Exhibit 990. This is another, just a VA loan file.

5 A. Okay. This is the care house. This was the one
6 I was telling you about with the old people.

7 Q. Oh.

8 A. Of course.

9 Q. So it looks like here the borrower is ReCreate
10 wealth, LLC.

11 Do you see that?

12 A. Yeah. I created that after the Thompsons sued
13 me. I did a lot of business in my old LLC, AIA Holdings,
14 but they were starting to come after my accounts. I don't
15 remember exactly when it was.

16 So my attorney just told me to create a whole
17 new LLC, because the LLCs I had prior, they could consider
18 it part of my business, even if it wasn't Arizona
19 Investors Alliance.

20 And at that time I was still having money wired
21 to me by, like, Denny for payments for property, so I
22 couldn't have the Thompsons grab -- you know, if they
23 somehow compelled the judge to let them grab one of my
24 accounts that was somebody else's money, I would have been
25 in big trouble, so I created a different entity so I could

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1 continue to do some stuff without the fear of.

2 Q. Do you know if Denny did any due diligence on
3 ReCreate wealth or ask you for any financial information
4 before he lent to them?

5 A. No. He never asked me for, I mean, no more than
6 normal, just based on the property.

7 Q. It sounds like the Thompsons were pretty
8 aggressive going after you.

9 A. I felt like they were.

10 Q. But Denny continued to lend to you even after
11 that?

12 A. This is probably some of the last loans, because
13 this was 2013. Yeah, this is probably the handful of the
14 last loans I did with him. Because at that point, I was
15 started working with Paul Sherman and Paul started funding
16 my loans after Denny stopped doing them. And actually,
17 Paul cashed me out of this one with Denny.

18 Q. If you look at the mortgage on this one --

19 A. Yes.

20 Q. -- it's at page D029031.

21 A. Okay.

22 Q. It looks like this is another one that's
23 notarized by Ranasha.

24 A. Correct.

25 Q. My understanding is their divorce was final in

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1 2012. This is October -- or February 2013.

2 A. Okay.

3 Q. So she -- this just goes back to your prior
4 testimony. She is still working for you --

5 A. Yes.

6 Q. -- after the divorce?

7 A. Yes.

8 Q. And again at the top, it states that the
9 mortgage was -- represents a loan evidenced by a check
10 made payable to the trustee.

11 A. Correct.

12 Q. But that's not correct, right? The money went
13 to you, didn't it?

14 A. The money was probably wired to Arizona
15 Investors Alliance and then we took the check out for her.
16 That's correct. I don't ever recall, like, Denny actually
17 cutting a check for one of my purchases and bringing it to
18 me and having the trustee -- I went and got them, as far
19 as I can remember.

20 Q. It sounds like a pretty small community of
21 people who do the bidding --

22 A. Absolutely.

23 Q. -- the hard-money lenders, the investors?

24 A. Absolutely.

25 Q. Did you ever hear people talk about DenSco's

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1 lending practices or, you know, Denny's proclivity for
2 funding directly to borrowers as opposed to trustees?

3 A. No, not until after this happened. Nobody ever
4 really questioned it and nobody ever really took advantage
5 of it, I guess.

6 Yeah, I don't ever remember. Denny was well
7 respected amongst the community. He was one of the guys
8 that everybody knew was no nonsense and, you know, would
9 give it to you straight.

10 Q. Were you ever late on any payments to Denny?

11 A. Oh, yeah. That one that I was telling you about
12 on the McKinley property, I was late several times, but I
13 continued to pay. You know, even if he didn't have the
14 whole thing, I would pay him. You know, it was one of
15 those deals that he knew I could default and walk away, so
16 he worked with me on it.

17 Q. What was Denny's approach to a late payment? I
18 mean, it sounds like --

19 A. That was the only one I was ever late on, so I
20 wouldn't really know. I mean, I paid everything on time.
21 That was the one that was kind of troublesome, so, yeah.
22 And because it was what it was, he never gave me a hard
23 time about it.

24 Q. Did he charge default interest or any late fees?

25 A. No, he didn't, because he just knew that -- you

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1 know, I think he appreciated the fact that I didn't walk
2 from it, because everybody else walked from all their
3 loans in 2007, so...

4 Q. In terms of your -- when you were acting as a
5 bidder for your investors, did you ever hear from them
6 that Denny was charging them default interest or late fees
7 or being difficult in collections?

8 A. No. Everybody that dealt with Denny, they loved
9 dealing with Denny. I mean, he was by the rules. He
10 never deviated. Didn't bend any rules. You know, didn't
11 make special circumstances for anybody, but I never heard
12 anybody complain.

13 I mean, to give you an example, if you ask
14 somebody about Denny Chittick and you ask somebody about
15 Gregg Reichman, people would have definitely an opinion
16 about Gregg Reichman, but it wouldn't -- Denny would not
17 have the same response. Not that Gregg is a bad guy. He
18 just -- everybody would know and everybody would have the
19 same opinion.

20 Q. We know now, and maybe you know, you used the
21 word special circumstances, that there were ultimately
22 some special circumstances involving Menaged --

23 A. Correct.

24 Q. -- and his entities as an borrower from DenSco?

25 A. Correct.

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1 Q. Did you ever discuss those special -- the
2 double-liening issue or anything like that with Chittick
3 or with Scott?

4 A. Never. I didn't even know this until -- I
5 didn't know what was going on until I, you know, I saw
6 that at the very end, so I never talked to Denny about any
7 of that.

8 Q. Having known both Scott and Denny, do you have
9 any sense as to why Denny decided to allow that set of
10 special circumstances to proceed?

11 MR. CAMPBELL: Objection to form.

12 THE WITNESS: I really don't. I mean, probably
13 because there was an element of trust.

14 MR. CAMPBELL: Objection. Motion to strike.

15 Q. Did Denny ever talk to you about his
16 relationship with Scott?

17 A. No, not more than, you know, funding a deal here
18 and there, but nothing out of order, you know.

19 Q. You said that Mr. Swirtz -- I forgot his last
20 name.

21 A. Swirtz, S-w-i-r-t-z.

22 Q. Swirtz.

23 A. Swirtz, yeah. Bill was one of the investors.

24 Q. He is the one who informed you about Denny's
25 death?

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1 A. Denny. Bill and I hadn't talked in a while, and
2 I got a phone call. I was real excited. I was like:
3 Hey, Bill. So I answered the phone, and for a couple
4 seconds, pleasantries. And he said: Hey, did you hear
5 what happened to Denny? And I was like: No. And it just
6 totally caught me by surprise.

7 Q. Do you know how long after his suicide that you
8 got that call?

9 A. I believe it was either -- I think it was the
10 next day.

11 Q. Did you talk to Menaged at all about the --

12 A. Yes.

13 Q. How soon after getting the call from Bill did
14 you talk to Menaged about that?

15 A. Basically what happened was after I got the call
16 from Bill, I thought to myself that I'm going to call a
17 few people that I knew that were close with Denny, to let
18 them know in case they didn't know.

19 I called Lou first, because Lou is my best
20 friend, basically, and told him, hey. You know, you kind
21 of, when you talk to people, you know, what's going --
22 what happened, we were going back and forth.

23 And then I called Scott, and I said: Hey, I
24 don't know if you know it, but I just talked to my friend
25 Bill, and Denny committed suicide. And Scott's response

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1 was weird. And after I got after off the phone with
2 Scott, I told Lou, this had something to do with Scott,
3 because I could tell just by the way Scott -- he didn't
4 respond the way somebody does when you find out a friend
5 passed away, so...

6 Q. Do you recall any details of that conversation?

7 A. Oh, yeah. He was like: Did he say anything?
8 what happened? Did he leave a note? I got to go.

9 He was off the phone like that. And it
10 wasn't -- you know, when I talked to Lou, it was a
11 different conversation. It was like: Oh, my God. What
12 happened? This was totally different. Then he called me
13 back three hours later that night.

14 Q. Who did?

15 A. Scott did. And it was -- I could completely
16 tell that he was acting like he was wondering what was
17 going on, but he was questioning me to find out how much I
18 knew. So I knew Scott had something to do with this as
19 soon as I talked to him.

20 Q. So you called Scott after the suicide. It
21 sounds like he --

22 A. As a friend, just to let him know: Hey, you
23 know, did you know about Denny? And I called Lou. I
24 called a couple other people as well.

25 Q. So you called Scott after the suicide. Brief

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1 conversation where Scott mostly asks was there a note, did
2 he say anything, and he gets off the phone?

3 A. And he goes: I got to go. I got to go. And I
4 tell you 100 percent, I called Lou after I got off the
5 phone with Scott, and I said: Lou -- I said: I just had
6 a weird conversation with Scott. I said: I think he had
7 something to do with it.

8 Q. And what did Lou have to say?

9 A. He says: Really? And then, you know, my wheels
10 started spinning and all those documents in my head and
11 all that stuff. And I was just: Oh, my God. It was just
12 speculation, you know, at that point, so...

13 And then I didn't know -- Scott called me back
14 that night. I didn't say a whole lot to him. And then we
15 had some correspondence that was really -- he -- at that
16 point I didn't realize how much he was involved, so I was
17 still friendly with him, you know. And he called me a few
18 other times and he texted me a couple more times, and I
19 realized what was going on so I didn't respond. I cut it
20 off.

21 In the last text or message he sent me, he said:
22 I thought, you know, we have been through a lot of stuff.
23 We didn't always agree, but I always thought you were a
24 friend.

25 And I might still have the text, but he was

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1 pretty much saying, hey, you know, don't -- you know, I
2 didn't do anything. You know, everything is going to come
3 out, is basically kind of what he said, so...

4 And I just didn't -- I didn't -- after that, I
5 had nothing to do with him, so...

6 Q. Had he already been arrested at this time?

7 A. No, no. None of that stuff came out after the
8 fact. But I just, I knew Denny well enough to know that
9 for him to do something like that, something had to
10 happen. Something bad happened.

11 Denny -- Denny loved his kids, and for him to do
12 that so his kids didn't -- there was something that --
13 that was just crazy to me.

14 Q. So you said you had correspondence with Scott
15 after those initial conversations?

16 A. Just text messages.

17 Q. Text messages?

18 A. He was texting me and I was ignoring them.

19 Q. You said you might still have those text
20 messages?

21 A. I might, yeah. It might be on another phone.
22 But it was a few times about: Hey, thanks for being my
23 friend. Kind of like reaching out, looking for support
24 kind of a thing, you know.

25 Q. And then in the second conversation -- so you

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1 had the initial conversation with Scott, and then he
2 called you back later that night.

3 A. Uh-huh.

4 Q. Do you recall what the details were of what
5 that --

6 A. No. I just remember it being really -- he was
7 just asking, like: So what's happened? Do you know what
8 happened? You know, just details about who found him,
9 what was going on.

10 The thing that got me was he asked me: Did they
11 find a note? I was like: I don't know. They didn't tell
12 me any of that. I just know he passed away, you know. It
13 wasn't a concern call for the person. It was a concern
14 call for something else.

15 Q. Did he mention anything about losing money or
16 bad business deals?

17 A. A couple days after that, Bill called me again,
18 Bill Swirtz, and mentioned the name Scott Gould. And I
19 think Bill had it wrong. I think Scott was Scott Menaged.
20 But this was before Scott Menaged was even -- people, you
21 know, and the name Scott came out.

22 So when Bill called me and said Scott Gould, I
23 was like what's Scott Gould have to do with this, you
24 know. And so I called -- at that time I still had a
25 couple more conversations with Scott. And I talked to

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1 Menaged, and Menaged -- I said: Yeah, somebody said it
2 had something to do with Scott Gould. And Menaged said:
3 No, it didn't. He goes: It didn't. It will all come
4 out. He goes -- and he knew, and he wouldn't tell me what
5 it was, but he was letting me know it was something going
6 on and he knew about it, but he wouldn't say what.

7 And at that point, I think after that
8 conversation, I decided it was time that I didn't want to
9 be involved in any of this, because I was still -- you
10 know, I'm trying to -- that stuff I went through, I don't
11 ever want to deal with any of that again, and I'm just
12 trying to stay, you know, stay out of people's way and
13 just do my thing.

14 Q. All right. Let's take a quick break again.

15 (A recess was taken from 3:18 p.m. to 3:24 p.m.)

16 (Deposition Exhibit No. 991 was marked for
17 identification.)

18 Q. Before we get to this, we were off the record.
19 You had mentioned something about there being talk
20 downtown --

21 A. Yes.

22 Q. -- after Chittick had committed suicide.

23 A. Oh, yeah.

24 Q. What was that?

25 A. Just --

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1 MR. CAMPBELL: Let me just object as to form.
2 You can proceed.

3 THE WITNESS: Just rumor mill, you know.
4 Everybody trying to figure out who did what. A couple of
5 guys always knew more than the other guy, you know,
6 supposedly. So just about, you know, Denny committed
7 suicide. It had something to do with Scott.

8 Q. But from what you understood, no one quite knew
9 what exactly their business relationship was?

10 A. No, nobody knew. Nobody knew for sure. They
11 claimed, but nobody knew.

12 Q. All right. So at some point you were also an
13 investor --

14 A. Yes.

15 Q. -- is that correct?

16 A. Yes.

17 Q. I have handed you what's been marked as
18 Exhibit 991. This is a statement. It says October 2005.

19 A. Yes.

20 Q. And it lists three different investments that
21 you made.

22 A. Uh-huh.

23 Q. A \$75,000 investment, a \$25,000 investment, and
24 a \$50,000 investment.

25 Do you see that?

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1 A. Yes.

2 Q. Is that accurate? Did you in fact make those
3 investments?

4 A. Yes, I did.

5 Q. And how long -- at some point, it looks from
6 records like you took that money back?

7 A. Yeah. So what happened was, I wasn't really
8 thinking about investing with Denny, but I ended up --
9 business was going well and I ended up with money in my
10 bank account. And I was buying a house in Scottsdale and
11 I needed down payment money, but it was going to take
12 eight months to build.

13 And I was sitting there with the money in my
14 account and I thought to myself, that's stupid. Why is it
15 not earning any interest? So I called Denny and said:
16 Hey, will you take this and pay me? And he said: Yeah.
17 So I sent him the money.

18 I was buying a condo in Rocky Point that I
19 needed about 110 down for, and I was buying my personal
20 residence in Scottsdale at the time, and so I was -- I had
21 the down payment money there, and I knew I wouldn't need
22 it for a few months, because both properties were being
23 built, so I gave it to Denny to earn a little bit more
24 interest while I was waiting for it to happen.

25 Q. So your money was in and out in 2005 you think?

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1 A. It wasn't there more than a year. If it was a
2 year, not too much more than that. Because I believe I
3 moved into my Scottsdale house 2006, 2007, so, yeah, I'm
4 pretty sure I took it out by 2006.

5 Q. Did you do any due diligence with respect to
6 DenSco or --

7 A. No, sir, not at all. Just based on my
8 experience with them.

9 (Deposition Exhibit No. 992 was marked for
10 identification.)

11 THE WITNESS: I was saying at that time I had
12 known Denny for about five years, and I believe I just
13 trusted him.

14 Q. So I have handed you Exhibit 992. These are two
15 subscription agreements.

16 A. Okay.

17 Q. The first one on page D150587, dated June 4th,
18 2004, and the second one on page D150591, dated
19 April 29th, 2005.

20 Do you see that?

21 A. Yes.

22 Q. These are the subscription agreements by which
23 you invested in DenSco?

24 A. Okay.

25 Q. If you look at the first page, D150587, under

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1 paragraph 1 --

2 A. Yes.

3 Q. -- it says: The undersigned investor has
4 received and reviewed the Confidential Private Offering
5 Memorandum dated June 1st, 2005.

6 Do you see that?

7 A. Yes.

8 Q. Do you recall reviewing a Private Offering
9 Memorandum?

10 A. I do not.

11 Q. Do you recall receiving one?

12 A. I don't. I don't. Yeah. I don't -- I may
13 have, but I don't. Denny sent me a packet, though. It
14 might have been there, but I didn't review it at all. I
15 just trusted him.

16 Q. Did you talk with Denny at all about his
17 business practices?

18 A. A little bit here and there, because, you know,
19 I would ask him about licensing and stuff like that,
20 because I -- you know, he wasn't licensed. And I said:
21 How do you get past not being licensed? And he explained
22 to me he doesn't charge a fee, and it's a per diem
23 interest rate. And, you know, I said, well -- he said,
24 yeah, I have been audited by state banking and I have
25 given my evidence, and I said: Oh. And that's about the

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1 extent of the conversation about his legal business, yeah.

2 Q. Did you -- I mean in terms of your investment in
3 DenSco, did you, for example, talk to him about whether he
4 attempts to get first position deeds of trust or how he
5 goes about ensuring that he gets first position deeds of
6 trust?

7 A. Based on my knowledge of what he did, I never
8 questioned it, because I figured that -- in my head,
9 that's all he did, so I didn't question how he was going
10 to use it.

11 Q. At the time in 2005, you were borrowing money
12 from him as well, correct?

13 A. To purchase properties, yeah. Here and there,
14 yeah.

15 Q. During that time, was he also sending the money
16 directly to you as opposed to sending it to trustees?

17 A. Yeah. I believe we never actually ever had --
18 it was always to us, or he might have paid for it a few
19 times. But, yeah, it was never directly to the trustee,
20 because they never really accepted it that way.

21 Q. Did that cause you any concern that maybe there
22 was a loophole here where his deeds wouldn't be in first
23 position?

24 A. Again, it never -- my relationship with Denny, I
25 trusted that he dotted his I's and crossed his T's, and I

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1 never questioned it. No, I did not.

2 Just even, like, based on when I called him up
3 and said: Hey, what's this I'm seeing on tax records. As
4 soon as he gave me the answer, I didn't think twice about
5 it, so...

6 Q. Did you talk to him at all about DenSco's loan
7 concentration, about, you know, diversifying DenSco's
8 borrow base?

9 A. No, not at all. No. I really didn't question
10 anything he did, you know. I didn't want it to sound like
11 I was questioning him, so...

12 Q. In terms of the information you reviewed since
13 Denny committed suicide --

14 A. Uh-huh.

15 Q. -- you know, it's clear that he lent an awful
16 lot of money to Menaged?

17 A. Yes.

18 Q. More than any other borrower?

19 A. Yeah, I see that. I did not know that at the
20 time.

21 Q. Did that surprise you that Denny would lend that
22 much money to a single borrower?

23 A. A little bit, yeah. Yeah, I thought he would
24 diversify a little bit more. I didn't know why he did,
25 you know.

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1 One thing about Scott, he was good about, you
2 know, he would always make good on everything, so maybe
3 Denny thought, you know --

4 And the nature of our business is very risky,
5 you know. I mean, Scott and Eric and those guys are truly
6 the essence of what you would call gunslingers, you know.
7 I mean, they would buy things that they never saw. Yeah,
8 it's pretty, pretty risky.

9 MR. CAMPBELL: Motion to strike. Nonresponsive.

10 THE WITNESS: I hit the button every time.
11 Sorry.

12 Q. But you never discussed with Denny sort of the
13 idea of diversifying a borrower base --

14 A. Never.

15 Q. -- that that might be important?

16 A. Never. I never discussed any of those things
17 with him.

18 (Deposition Exhibit No. 993 was marked for
19 identification.)

20 Q. Just a quick question on this. This is
21 Exhibit 993.

22 A. Okay.

23 Q. It's an April 7th, 2005, letter from Denny
24 Chittick to James Meng.

25 A. Okay.

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1 Q. It looks to me from this letter like he is
2 trying to get Mr. Meng to invest in DenSco.

3 A. Okay.

4 Q. Towards the second to last paragraph, Denny
5 writes: "The portfolio of properties that" -- it probably
6 should say "I lend on" -- it says "lend on is very
7 dynamic. As of today, I only have one loan older than 150
8 days. I have many borrowers that I work with over and
9 over with, much like John Ray."

10 Do you see that?

11 A. Uh-huh.

12 Q. Was James Meng an investor with you that you
13 might have sent over to Denny, or do you know why he is
14 referencing you?

15 A. Yes. James was definitely one of our clients,
16 or investors. I have to not use the word "client."

17 Q. You probably -- how many investors do you
18 believe you sent over towards DenSco to see if they want
19 to invest?

20 A. Oh, geez. Not in the capacity of investing with
21 DenSco. Probably only a handful that were going to invest
22 with DenSco, more people that were going to borrow from
23 DenSco, but I would say five to ten people. I had several
24 people like myself that didn't have a lot of money, but
25 had 50, 25. Invested short periods of time, too, so --

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1 just friends of mine.

2 Q. Have you heard from any of those investors since
3 Denny's death?

4 A. Yeah, one investor, Chris Harvey. He is a
5 friend of mine. He had to write a check, so he called me.
6 So yeah. He -- apparently he had some money during the
7 period of time when Denny was loaning to Scott, so they
8 considered interest only, so he settled and paid whatever.

9 Q. You said that was Chris Harvey?

10 A. Chris Harvey, yeah.

11 Q. Did he have anything further to say about Denny
12 or about Scott?

13 A. No. He just wasn't happy he had to write a
14 check, but he -- you know, he didn't -- you know, it is
15 what it is.

16 Chris didn't have a lot of money with him, you
17 know. It was for sure bigger time. Kind of like the same
18 thing, he had some money sitting around before he invested
19 it, so...

20 (Deposition Exhibit No. 994 was marked for
21 identification.)

22 Q. This is Exhibit 994.

23 A. Okay.

24 Q. This is a copy of your schedules from the
25 Chapter 13 bankruptcy you filed?

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1 A. Yes, sir.

2 Q. I just had a quick question on page 15 of 24.

3 A. Okay.

4 Q. You list your creditors holding unsecured
5 claims.

6 A. Yes.

7 Q. And one of those creditors is DenSco.

8 A. Okay.

9 Q. And it says potential liability as guarantor for
10 Arizona Investors Alliance property on McKinley Street.

11 Do you see that?

12 A. Yes. 225?

13 Q. Yes.

14 A. Yes.

15 Q. Did DenSco guarantee -- did DenSco enter into a
16 guarantee where it guaranteed debt that you owed or that
17 one of your companies owed?

18 A. I don't -- this is the one I told you about
19 where Denny actually put up the rehab money and fixed it
20 up.

21 Q. Right.

22 A. So I don't really know how -- I don't know how
23 this worked in the bankruptcy. I just know that I said I
24 owed it to Denny, and I'm not really sure how it worked
25 out.

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1 I know I kept the debt, because we paid it off.
2 You know, we actually sold the property and zeroed that
3 out.

4 Q. So you don't recall Denny saying: I'll
5 guarantee this debt that you owe?

6 A. No, I don't remember that at all.

7 Q. You don't recall a signed guarantee document or
8 anything like that?

9 A. No. I don't remember talking to Denny about
10 this property during the bankruptcy, so...

11 The only time this property came up is when the
12 Thompsons tried to force a sheriff's sale, and that's the
13 only time I recall.

14 Q. So we talked some about Denny. The other
15 player, Scott Menaged --

16 A. Yes.

17 Q. -- who you also knew?

18 A. Uh-huh.

19 Q. How did you first meet Scott?

20 A. At the courthouse. He is was a bidder down
21 there. I originally met him early 2000s.

22 Q. And you were both working as bidders?

23 A. He was actually buying for himself. He was a
24 single individual, came down and started buying for
25 himself. Kind of, you know, got to know everybody and got

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1 in with everybody. And he bought a bunch of properties
2 from I believe -- at that time I believe Gregg Reichman's
3 company was Active Finance Group, and Scott bought a bunch
4 of properties with them.

5 And then I think, from what I heard, he
6 defaulted on a bunch of them and went back to New York and
7 disappeared for a few years, and then he came back like in
8 2007 or '08, and that's when I got to know him a little
9 bit better, through all this stuff at the offices and
10 whatever.

11 Q. So you say he disappeared to New York for a few
12 years. You make it --

13 A. Yeah.

14 Q. -- sound like people were looking for him.

15 A. I mean, they said he made good on all his loans,
16 but, yeah, they were looking for him because he left a
17 bunch of properties and went off. But apparently he was
18 dealing with a divorce, and that's the story heard.

19 But anyway, he went back to New York, was on a
20 hiatus for probably three or four years, and then he came
21 back, and then I saw him again 2007, 2008 at the
22 courthouse.

23 Q. So it sounds like he defaulted on some debt, but
24 you are saying your understanding was he made good on it?

25 A. From what I was told by the lender, that he made

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1 good on all of them.

2 Q. Who was the lender?

3 A. I believe it was Active Finance.

4 Q. And then he comes back in 2007, 2008, and you
5 get to know him better because he is working with Eric?

6 A. And he is there every day and it's more of a,
7 you know, before -- and I was new so I wasn't talking to
8 as many people when I first met him either. So I was more
9 comfortable down there. He was more active daily and
10 there was more activity.

11 Q. And you officed together for a time?

12 A. For a short period of time. When he came back,
13 Eric wanted him to be a partner. I really -- so I
14 separated and he came in. While I was in limbo trying to
15 find my office, there was a transition period of about
16 four months where we were in the office together.

17 Q. I know we talked about this a bit before, but
18 what were your impressions of Scott in 2007, 2008?

19 A. I didn't like him. Thought he was cocky. But,
20 you know, New Yorker, you know. And I just felt like he
21 was, you know, a rich kid from New York, had a lot of
22 money, and nobody ever told him no, you know, so I wasn't
23 particularly fond of the guy.

24 Q. Did Scott come from money?

25 A. I believe his dad has money, yeah. I believe

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1 they have furniture stores or something back in New York.
2 And I noticed he lied a lot, too. I didn't like the fact
3 that he embellished a lot of things.

4 Q. What would he lie about?

5 A. Just he would tell people that he does
6 triathlons and things like that. I'm like, really? Okay.
7 Come one.

8 And it doesn't matter, but one thing in
9 particular that was really -- it was meant as a joke, but
10 it was kind of funny, because I never realized, but he has
11 a self-portrait. It's huge, and he had it in the office
12 one day and in the front room of the office and it was
13 there for everybody to see, and we were like, wow, who has
14 a self-portrait done of themselves that big? But anyways,
15 those were like the little things we were, okay, he is a
16 different cat.

17 Q. Did he bring it in the office as a joke or is
18 this just something --

19 A. Yeah. He brought it and put it in, like right
20 out in the middle for everybody to see. It was a joke,
21 but I was shocked that he actually had a self-portrait.
22 Not like that.

23 Q. And you said he had gone through a divorce.

24 Do you remember who he was getting divorced
25 from?

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1 A. His -- I don't know her. This is the mother of
2 his son, Brandon.

3 Q. Okay.

4 A. I don't know her. I may -- I think I might have
5 met her once in passing at the office. I don't even know
6 what her name is, to be honest with you.

7 Q. Then my understanding is he eventually got
8 married again --

9 A. Correct.

10 Q. -- to a woman named Fran.

11 A. Yes.

12 Q. Did you know her?

13 A. I have met her maybe half a dozen times. Didn't
14 know her very well. She wasn't very outgoing. She wasn't
15 very -- you know, she wasn't very -- like, I could talk to
16 anybody. She didn't talk a lot, so...

17 Q. Did you ever hear from Scott or from Fran about
18 any problems in their relationship?

19 A. I didn't talk to them about that kind of stuff,
20 so I didn't really know.

21 Q. In Luigi's deposition he suggested that
22 Menaged's sort of work ethic and outlook in life changed
23 after he married Fran.

24 A. That's what he told me as well.

25 Q. That's what Luigi told you?

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1 A. Uh-huh.

2 Q. Did you sense the same thing?

3 A. I think it started a little before that, because
4 he was dating other girls prior to that. And I recall
5 seeing him, like -- so I had season tickets to Suns game,
6 and it was kind of a thing. It was what we did. And I
7 remember, you know, he was never interested. And the next
8 thing you know, I see him bringing these different girls
9 to the front row, you know, so he was playing the player
10 thing, you know.

11 Q. Showing off?

12 A. So yeah. So I saw it before he got married to
13 Franny, you know.

14 I remember one time we went to Las Vegas. I did
15 a Vegas trip with him, just to go, and he had this huge
16 suite on the top of Mandalay Bay that he said they comped
17 him, but I don't think so. But anyway, he was bringing a
18 girl there and he was trying to impress her, you know.
19 That kind of stuff.

20 Q. Is it something he did pretty often to try and
21 impress her?

22 A. During that period of time, yeah, he was trying
23 to do whatever, you know. I mean, the bigger the better,
24 you know. The bigger the show, the better.

25 Q. Did you guys socialize together at all?

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1 A. Besides going to his 4th of July party, no.

2 Q. You didn't go gambling with him outside of this
3 trip to Vegas?

4 A. No. I never -- I don't like local. I think
5 they just -- for some reason I lose every time. I haven't
6 gone to a local casino in, shoot, eight years.

7 So, yeah, the Vegas trip was more like a team
8 thing, you know. And he wasn't even really a part of my
9 team, but I enjoyed going to Vegas. I think I did two
10 Vegas trips with him, and that was it. And this was
11 before.

12 Now, I don't remember him -- those times I went
13 to Vegas with him, he gambled but he wasn't -- I don't
14 remember him gambling. From the stories I heard, you
15 know, it wasn't -- he wasn't -- the kind of money he was
16 putting down wasn't that. It wasn't -- the stories I
17 heard, it was small.

18 Q. So after you went with him on these trips, you
19 heard stories from others that would suggest he was
20 gambling a lot of money?

21 A. Yeah. Well, I read in one of the things that he
22 would do a lot of money here locally. And that's just
23 something I read, so...

24 Q. Menaged, to my understanding, at some point
25 adopted a child with Fran.

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1 A. Yeah. They adopted a little baby girl. I think
2 Stevie, I think.

3 Q. Yeah.

4 A. I believe they adopted a baby girl. I'm not
5 sure. I was -- again, when I saw that, I was like -- I
6 didn't talk to him about it, but I saw it on Facebook or
7 something, and I was like that's -- that was kind of
8 weird. I didn't even see that coming either.

9 Q. You didn't follow up with him about it?

10 A. No.

11 Q. It wasn't something you were aware happened?

12 A. I didn't really talk to Scott after that that
13 much. I -- you know, I mean, the only time I had contact
14 with him was I called him to tell him about Denny, and we
15 hadn't really talked that much prior to that, so...

16 Now, there was a period of time when I was going
17 through some issues financially, when after I got sued,
18 and I did reach out to Scott because he had that car
19 dealership, and he actually helped my ex purchase a car
20 out at his car dealership at 20th Street and Camelback.

21 So just being transparent, I did have some
22 contact with him. In recalling, I remember one time Tara,
23 my ex, was going to see if she could borrow some money
24 from him, and I remember she told me that he said he
25 didn't have any money. So I don't know if that makes any

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1 difference. That was during the period when he had that
2 car dealership up there.

3 (Deposition Exhibit No. 995 was marked for
4 identification.)

5 Q. So I'm giving you Exhibit 995. This is just in
6 follow-up on the information you just gave me.

7 So this is an April 23rd, 2015, email from Scott
8 Menaged. He writes, second sentence, "I am trying to get
9 John Ray Approved for a Car! HA HA."

10 You see that?

11 A. Yeah.

12 Q. Was this around the time you think that he was
13 going to try and help you get it?

14 A. Yeah, and it wasn't me. It was actually helping
15 my ex. It was going to be in her name.

16 Q. Okay.

17 A. This was after I got sued and I lost everything
18 and so, yeah, it was a tough time.

19 Q. Did you ultimately end up getting the car?

20 A. She actually ended up getting a car from him.
21 Yeah, it was a Chevy or a GMC Envoy. A used car. It
22 wasn't anything nice.

23 Q. You didn't have any involvement in the car
24 dealership, though, right?

25 A. No, not at all. I was there maybe five or six

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1 times during that purchase, but that was it.

2 Q. Did you have any involvement in Scott's
3 furniture stores?

4 A. No. None whatsoever. I have never been to one
5 of them, so I don't even know where they are at.

6 Q. Were you ever interviewed by, like, the FBI --

7 A. No.

8 Q. -- or any police agent with respect to Scott?

9 A. No, never. Yeah.

10 Q. And during this time, 2015, were you having any
11 conversations with Scott or with Denny about their
12 business relationship? Are you aware of sort of what's
13 going on?

14 A. I wasn't aware. I don't think I had seen any of
15 those chains of title yet at that point. I was -- at that
16 point, I wasn't doing much. I was in my shell. I was
17 pretty depressed and trying to -- I wasn't even going --
18 you know, I wasn't going to work every day or anything
19 like that. I wasn't that involved, because I was trying
20 to put it back together. It was a pretty crappy time.

21 Q. So at a certain point you were on a show called
22 Property Wars with Scott, correct?

23 A. Yes, sir.

24 Q. When was that?

25 A. I believe it ran from, like, 2010 to 2012. We

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1 did two seasons, 80 episodes. I don't remember the exact
2 timeframe, but --

3 Q. Did you say 80?

4 A. 80, yeah. Oh, not 80. What am I saying? Well,
5 yeah, we did do -- they contracted us for, I'm sorry, 24
6 and 6, so 30 episodes. The first season was 6 for the,
7 what do you call it, the pilot season or whatever, and
8 then they contracted us for 24 more.

9 Q. So how did you get involved in Property Wars?

10 A. They called me. I had done a blog on the
11 YouTube. Somebody interviewed me about foreclosures. It
12 was an old friend of mine and he was a blogger, and he
13 asked me if he could interview me about foreclosures, and
14 I said sure. So he did like a three-part series.

15 And apparently somebody in New York saw it, and
16 they were trying to find the next Storage Wars, so they
17 decided let's do properties. And they wanted to make it
18 like, you know, us finding stuff inside the houses.

19 Q. Right.

20 A. But they called me and I told them no the first
21 three times, until I find out some of the other guys in
22 town that I knew that were going to do it, so I agreed to
23 do it after a little bit of coaxing.

24 Q. The producers from New York saw you talking
25 about foreclosures?

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1 A. Yes. Sharp Entertainment from New York City
2 contacted me and asked me if I had wanted to do it. At
3 first I told them no way. I said reality TV making stupid
4 people rich. I said I don't want to be a part of that.

5 Q. Did they pay you for that?

6 A. Yeah, they paid us. In the first season, it was
7 \$1,000 an episode, and the 24 episodes was 3,000 an
8 episode. And then we were contracted for a total of five
9 seasons, but they only paid us if they ordered shows, and
10 they didn't order any more shows after the second season.

11 Q. So everyone on the show was paid the same
12 amount?

13 A. Correct.

14 Q. So Scott also got 1,000 an episode --

15 A. Yes.

16 Q. -- for the first season?

17 A. Yes. There were other smaller players that got
18 different, but we got -- the main characters got the same,
19 yeah.

20 Q. Do you know how Scott got on the show?

21 A. I told them to talk to Scott.

22 Q. Okay.

23 A. They were telling me about a bunch of different,
24 and I was like those guys don't do what we do. You got to
25 talk -- so I gave them Eric's name, Scott's name, Lou's

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1 name, and they talked to them and found the characters.

2 Q. So Scott sort of got on the show at least in
3 part because of your efforts?

4 A. I would say I told them who to talk to. I don't
5 want, you know -- Scott got on himself with his lovely
6 personality.

7 Q. When you are shooting the show, did you have
8 much interaction with Scott?

9 A. Yes, there was interaction.

10 Q. Okay. What was that like?

11 A. It was fine. I mean, you know, I just -- I
12 didn't like shooting, to be honest with you. I just
13 thought the whole thing was fake and I was pretty much
14 malcontent, because I didn't -- I didn't appreciate the
15 fact that they are, you know -- this is what we do for a
16 living, you know. They wanted to make it a goof, you
17 know.

18 Anyway, so I didn't have a lot of contact with
19 him. He was acting the part on a set for sure, you know,
20 being the jerk, but anyways. Yeah. It was -- we didn't
21 spend a lot of time together.

22 Q. Did the show sort of result in greater publicity
23 or notoriety for you?

24 A. No. It actually worked the opposite for me.

25 Q. Really?

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1 A. Yeah, because -- because at the time, that's
2 when the Thompsons sued me, and the media got ahold of it
3 and it just turned into a circus, so...

4 Because I was on TV, it was very sensational for
5 them to make it look like I stole money from these people.

6 Q. Did it seem to you like Scott liked being on TV?

7 A. Oh, yeah. He enjoyed it. We all did. It was
8 different, you know. I mean, you don't really realize it,
9 until you get involved in it, how -- I had no idea. You
10 know, social media and people from all over the world, you
11 know, they actually believe it's true, and tweeting you
12 stuff. I mean, you would be -- if you were looking at
13 any -- people hated Scott. Everybody wanted to see Scott
14 go down in the show, but he acted that, he played that
15 part. He enjoyed playing that part.

16 Q. Do you know if the publicity from the show
17 helped Scott's business at all?

18 A. I would say that it probably didn't hurt him.
19 Yeah. It only hurt me because of the negative, you know,
20 it turned into a negative thing with the lawsuit.
21 Everybody else did well. I mean, Doug Hopkins did well
22 off of it. He went and did some coaching and turned it
23 into what I was planning on doing, but kind of hard to do
24 when you have all that negligent stuff out there.

25 Q. Do you know why the show stopped?

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1 A. Just in the ratings. Our ratings were bad.
2 what happened, Duck Dynasty came on, so nobody was
3 interested in real estate anymore. They were looking for
4 the redneck there. I knew we were in trouble when they
5 bumped our show for the valentine's edition for
6 Moonshiners. We were done.

7 Q. Were you ever in the same room as Chittick and
8 Menaged?

9 A. I can't recall. I don't think I was. If it
10 was -- no, I don't think so, because most of the time when
11 I saw Denny, it was at his office at his house, and it
12 wasn't -- you know, he was there by himself.

13 Q. Did Scott Menaged ever mention auction.com to
14 you or any business or work he was doing at auction.com?

15 A. No, besides the fact that we all worked with
16 auction.com.

17 Q. How does that work? How does auction.com work?

18 A. Auction.com is just a third-party auctioneer,
19 and the trustees just hire them to cry the sales. So all
20 they are doing is taking the bids. And they are
21 actually -- they are just a crier. They are not even a
22 trustee. They actually -- you know, the trustees actually
23 handle the files, so...

24 Q. How would you typically communicate with Denny
25 chittick?

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1 A. I always called him or, you know, maybe an
2 email, but I always picked up the phone and called him.
3 It was easier.

4 Q. Because I haven't found a whole lot of emails in
5 our files, so I'm just curious.

6 A. Yeah, it was easier for me to call. I would
7 call -- it was -- you know, I still call people. I
8 don't -- it's either text or call. I don't do a lot of
9 email.

10 Q. Did you ever talk to anybody at the Arizona
11 Corporation Commission with respect to DenSco?

12 A. No, I have not. No, not that I recall.

13 Q. Let's take a break, a couple minutes. I think
14 I'm done.

15 (A recess was taken from 3:54 p.m. to 3:59 p.m.)

16 MR. RUTH: I'm done.

17 (3:59 p.m.)

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JOHN FRANCIS RAY

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1 BE IT KNOWN that the foregoing proceeding was
2 taken before me; that the witness before testifying was
3 duly sworn by me to testify to the whole truth; that the
4 questions propounded to the witness and the answers of the
5 witness thereto were taken down by me in shorthand and
thereafter reduced to typewriting under my direction; that
the foregoing is a true and correct transcript of all
proceedings had upon the taking of said deposition, all
done to the best of my skill and ability.

6 I CERTIFY that I am in no way related to any of
7 the parties hereto nor am I in any way interested in the
outcome hereof.

8
9 [X] Review and signature was requested.
[] Review and signature was waived.
[] Review and signature was not requested.

10
11 I CERTIFY that I have complied with the ethical
12 obligations in ACJA Sections 7-206(F)(3) and
7-206-(J)(1)(g)(1) and (2).

13
14 Kelly Sue Oglesby
15 Kelly Sue Oglesby
Arizona Certified Reporter No. 50178

7/10/2019

Date

16
17 I CERTIFY that JD Reporting, Inc. has complied
18 with the ethical obligations in ACJA Sections
7-206(J)(1)(g)(1) and (6).

19
20 JD REPORTING, INC.
21 Arizona Registered Reporting Firm R1012

7/10/2019

Date