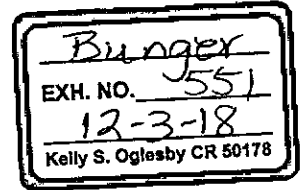


# DenSeco Investment Corporation



March 8, 2005

Steve Bunger  
6134 W. Trovita Place  
Chandler, AZ 85226

Steve:

If the kids knock out and you can't sleep on the plane, pull this out and it will do the trick!

I've tried to add a little bit of explanation outside of the memorandum. The memorandum was written by the same law firm that took Insight public years ago. I'll be doing another update later this year.

I know that you are familiar in general what I do, after you get a chance to read through this, I can answer any questions you might have about the details.

Have a great trip! I'll talk to you when you get back.

Sincerely,

Denny J. Chittick

6132 W. Victoria Place Chandler, AZ 85226  
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
denscoinvestment.com dcmoney@yahoo.com

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 12/22/2013 7:47:43 PM  
**To:** Dave Preston [dave@prestoncpa.biz]  
**Subject:** 1099's  
**Attachments:** DES Form 4th q.pdf; 1099 List 2013.docx

Bunger
EXH. NO. 552
12-3-18
Kelly S. Oglesby CR 50178

here is my list. i don't suspect these changing before year end. i did all of end of month, quarter and year today. Everythign that needed to be done on the list was completed today.

besides the 1099's and w-2 you do for me, please prepare the 940 and the 941 for the 4th quarter.

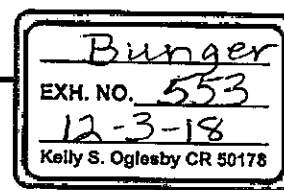
I've attached the 4th q DES form too. if you can do one for me, i'll file it on line.

thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 1/7/2012 6:44:17 PM  
**To:** Steve Bunger [sbunger@mobilemini.com]  
**Subject:** Re: Burglary



until i read this i never even thought about putting myself in danger? All i could think about was making sure that no one harmed your daughter. thx for all the info, i forwarded this to Bill, he's on a hunting trip he'll be back tomorrow.  
dc

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602-532-7737 f

---

**From:** Steve Bunger <sbunger@mobilemini.com>  
**To:** "maxelsen@cox.net" <maxelsen@cox.net>; "taxelsen@shermanhoward.com" <taxelsen@shermanhoward.com>; "barerjeeswati@hotmail.com" <barerjeeswati@hotmail.com>; "dbeaver254@aol.com" <dbeaver254@aol.com>; "phef101@aol.com" <phef101@aol.com>; "abrooks@brooksesi.com" <abrooks@brooksesi.com>; "art.brooks@strand.com" <art.brooks@strand.com>; "Arnaldo & Rosa Maria Burgos (amburgos@cox.net)" <amburgos@cox.net>; "jcarter52@aol.com" <jcarter52@aol.com>; "jhcrothers@aol.com" <jhcrothers@aol.com>; "pam.drexler@cox.net" <pam.drexler@cox.net>; "Tim Drexler (tim.drexler@cox.net)" <tim.drexler@cox.net>; "pidupper@gmail.com" <pidupper@gmail.com>; "Russ and Patti Dupper (rdupper@rhdupper.com)" <rdupper@rhdupper.com>; "mlhollar@hotmail.com" <mlhollar@hotmail.com>; "bjj@cox.net" <bjj@cox.net>; "dawn.imdieke@gmail.com" <dawn.imdieke@gmail.com>; "nasims@cox.net" <nasims@cox.net>; "ronkrystofik1@gmail.com" <ronkrystofik1@gmail.com>; "xnguyenmd@gmail.com" <xnguyenmd@gmail.com>; "poleson@cox.net" <poleson@cox.net>; "patti.oleson@cox.net" <patti.oleson@cox.net>; "victoria.richard@cox.net" <victoria.richard@cox.net>; "dennis.richards@cox.net" <dennis.richards@cox.net>; "paulseppanen@gmail.com" <paulseppanen@gmail.com>; "Karis and Jim Scott (karisR@aol.com)" <karisR@aol.com>; "jbscottmd@aol.com" <jbscottmd@aol.com>; "ljshelton@cox.net" <ljshelton@cox.net>; "paul.seppanen@gmail.com" <paul.seppanen@gmail.com>; "kimsilver@cox.net" <kimsilver@cox.net>; "csilver@fclaw.com" <csilver@fclaw.com>; "sophiafong@yahoo.com" <sophiafong@yahoo.com>; "Denny and Ranasha Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Saturday, January 7, 2012 6:03 PM  
**Subject:** Burglary

To All,

I don't know if you heard but we had a burglar break into our house in Chandler while Beth and I were in Colorado skiing with Connor and some friends and Cassidy was staying at the house alone. The burglar broke in on New Year's Eve at about 7 pm though a back sliding door that was locked. He broke the lock in about 10 seconds.

Cassidy called me from her room which is in the basement to tell me that she thought she heard noises upstairs. I told her to hang up the phone and call 911. In that exact moment the burglar kicked in her locked bedroom door and came at her. I could hear her scream, "who are you ... please don't hurt me ..." He then told her he was going to kill her if she didn't get off the phone.

He grabbed the phone from her and hung it up. I tried to call 911 from Colorado but it didn't go to the right city. We had to call Ali to have her call 911 in Arizona. I also called a neighbor who came over to the house pretty quickly. I also called our neighbor Denny to see if he could help.

Cassidy told him to please not hurt her and she would give him anything she wanted - her purse, cash, jewelry, etc. He said he wanted money and jewelry. She said to him that we have money and jewelry in the safe which is located in our master closet. The burglar put a towel over her head so that she could look at him and they walked to the master closet.

Once in the master closet the burglar asked her to open it but she didn't know the code. He questioned her thinking that she was lying... He then told her to get down on her hands and knees with the towel over her. He then proceeded to crow bar the safe open and stole the money and jewelry in the safe.

He then told Cassidy to count to 50 which she did. She then called 911 from our house and at the same time our neighbor Denny arrived at the front door. He was only in the house for about 10 minutes and Denny missed him by about 1 to 2 minutes. I want to thank Denny for coming over to help out Cassidy not knowing if he would encounter danger himself!!!! Pretty courageous if you ask me.

The good news is she was not harmed but she is really shaken up and won't stay in her bedroom right now. Ali is also scared to stay in her bedroom. We will probably have to get some professional help for Cassidy because she is always jumpy and looking over her shoulder.

We do have camera on the outside of the house and can see him coming and going in our backyard. He is a black man, medium height, wearing a black or grey hoodie, dark pants, with an "island accent" (probably Jamaican) and carrying a black backpack. We don't think he had a weapon and his intent was not to hurt Cassidy. In fact, he was not forceful with her. He did have a crow bar that he used to open the sliding door and to get into the safe. He was not wearing gloves and the police was able to get some fingerprints from him.

The case has been assigned to a detective and based on the video and footprints he thinks he climbed our fence from the NW corner of our lot. There are sneaker footprints (not clear enough for the police to do an imprint) going east and west across the north part of the vacant lot next to us (Drexler's). He probably got access to our neighborhood by jumping the fence from the channel that runs on the west side of our neighborhood.

A couple of other interesting facts. The Swirtz's said that one of their friends coming to a New Year's Eve get together at their house noticed a black man with a back pack and dark outfit walking along Kyrene about 6 pm or 6:30 pm the same day as our break-in. In addition, our daughter Ali took a cab home with a couple of friends two nights before the break-in and she said the cab driver was black with a Caribbean accent. She doesn't remember what she was saying but she said she wouldn't be surprised if she was talking to her friends about us being on vacation. The good news is they paid with a credit card so the detective is going to follow-up on that lead.

The detective did say that the burglar was professional except for the fact that he was not wearing gloves. The burglar clearly did not intend to hurt Cassidy and just wanted to get money and jewelry and leave as fast as possible. Beth had a ton of costume jewelry that he looked at and knew it would be worthless. Cassidy also told him that she had \$200 in cash in her purse in her bedroom but he left without grabbing it because he wanted to get out of the house before the cops came.

I am writing this email because I want to share our learning's. In addition, he did get off with \$12,000 of cash and \$30,000 worth of jewelry which may make him think that our neighborhood is worth the risk for a future break-in. So here is my take-aways from the incident:

- We are terrible about setting our alarm, even when we are on vacation. We are also terrible about having all of our doors locked at all times. We now are much more vigilant about keeping our doors locked and set the alarm now at night and when we are out of town. I am sure the girls will also set it when they are home alone during the day or night.
- The cop said that Cassidy did everything right except that she called me instead of 911 when she thought she heard noises. All of the cops said to error on the paranoid side and no cop will question why, especially a female called 911 when they were home alone.
- In the future, they told Cassidy to flee the house if at all possible when she heard the noises
- I think all security systems come with a remote panic keychain. Ours did but they were in a drawer in the kitchen. The cops said that when an alarm goes off they get to it when they can because most times it is false alarms. If a panic button goes off they treat that with much higher urgency. Now we all have our panic buttons near our beds so that they can be used for what we had them for. You can also usually hit "2580" on your alarm keypad as a panic mode (i.e. the middle numbers - top to bottom). The alarm won't go off but a panic signal is sent to your security company. Who knows what would happen if someone enters your house and you couldn't call 911 or hit a panic button. In that case, they could do terrible things to you and your family.
- The easiest doors to get in are typically the sliding or french doors. Two things everyone should do if they have sliding doors. Put a piece of wood in the track when the door is closed so that if they do break the lock it is more difficult to get the door open (we did not have a piece of wood). Even if you have a piece of wood, the burglar



can still break the lock and then pickup the door off of the lower tracks and then push the door into the house for entry. One of Denny's handymen is going to add a piece of angle iron above the sliding doors and windows of our house so that the sliding door or window can't be picked up off the lower track.

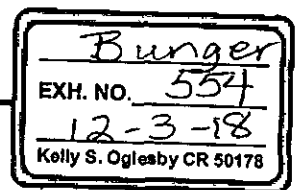
- If you have outdoor cameras, you should make sure that there is enough light (timers) so that can actually work. We are actually going to upgrade our cameras with better cameras that can see better at night.
- We are also going to add high definition interior cameras to our house and garages so that if we hear something we can also look at the cameras from our tvs after we call 911. All of our camera are recorded on a dvr and can also be viewed remotely from the internet.
- We are also going to buy Tazers for everyone in our family. You can get a residential Tazer for about \$400 which can shoot someone at a range of up to 25'. The cops also recommended that the adults have a shotgun in the master bedroom with a light on it which we are going to do as well. If you need a recommendation, I have which on the detectives recommend.
- Safe rooms - If your house is setup right you can also have a room that is a safe room which is outfitted with a steel entry door that is very difficult to get into. In that situation, you would run to that room, close the door and then call 911 from the room. Our house does not lend itself to that.
- We should not have had that much cash at our house. If someone wants to have cash that is not in a bank account, it is probably better to have the cash in a safety deposit box. In addition, our insurance thru Chubb covers up to only \$ 1,500 for stolen cash. We won't keep much cash at the house in the future.
- If you have valuable jewelry, you should make sure you have the receipts in a safe spot (we fortunately did have the receipts). In addition, it would have been helpful if we had pictures of the jewelry so that it helps the cops work with the pawn shops but also to help collect on insurance. We did have some pictures.
- You should also check your homeowner's policy to make sure you have enough insurance for jewelry. Ours general coverage topped out at \$25,000 in total and would only pay up to \$10,000 on any one piece of jewelry. We do have wedding rings scheduled out separately on our policy but in retrospect, we should of had other pieces of jewelry scheduled out.
- Safe's versus safety deposit boxes. If you really want to keep your stuff safe, you are probably better off keeping your most valuable items in a safety deposit box. Safe's can be broken into and also you or your family would always open the safe for a burglar if you were threatened. We will replace our safe but only keep important papers and less valuable jewelry in the safe. The nicer things will be kept in a safety deposit box at the bank.

Sorry for the long email but I did want to let everyone know about our situation and also things we learned to make our house safer in the future. I hope you find the email helpful. Please excuse typos and grammar errors as I am typing fast...

Thanks and have a great new year,  
Steve and Beth

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/8/2013 11:21:40 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: wiring info



Ok i received the wire, come on over and we'll sign you up!  
thx  
dc

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602-469-3001  
602-532-7737 f

---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, February 7, 2013 2:53 PM  
**Subject:** Re: wiring info

You should be receiving \$1M tomorrow. It might be later in the day since Schwab will probably want to make sure it has been double checked

As we mentioned, you can fill out the contract to Desert Classic Investments, LLC and the address is 6134 West Trovita Place, Chandler, AZ 85226. The managing partner is me and Beth (Mary) is a co-partner. I will do the two year contract with monthly payouts.

I'll give you the wiring instructions after I get the new account setup which might take me a couple of weeks. I will also be able to give you the federal id number then.

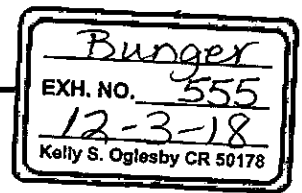
Thanks,  
Steve

On Thu, Feb 7, 2013 at 1:59 PM, Denny Chittick <dcmoney@yahoo.com> wrote:  
dc

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602-469-3001  
602-532-7737 f

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/10/2013 2:07:53 PM  
**To:** Steven Bunger [steve@bunger.me]  
**Subject:** signature

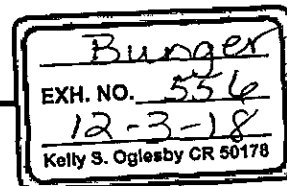


you and i still have to sign up some paperwork to make it  
official!  
let me know when?  
thx  
dc

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602-532-7737 f

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/10/2013 6:14:36 PM  
**To:** Steven Bunger [steve@bunger.me]  
**Subject:** memorandum  
**Attachments:** Private Offering Memorandum 2011.doc



read it when you can't sleep.  
thx  
dc

DenSco Investment Corp  
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602-469-3001  
602-532-7737 f

Bunger
EXH. NO. 557
12-3-18
Kelly S. Oglesby CR 50178

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**July 1, 2011**

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

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

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**General Obligations Notes**

**Minimum Purchase \$50,000**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## MEMORANDUM SUMMARY

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

### The Company

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

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

### The Offering

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

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

**Restricted Nature of**

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

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

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

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



## BUSINESS

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

### Target Markets and Potential Future Markets

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

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

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

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

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

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

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

### **Cash Flow**

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

### **Limited Due Diligence**

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

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

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

### **Collections**

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

## **Regulation**

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

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

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

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

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

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

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

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

### **Diversity of Risk**

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

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

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

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

#### **Executive Offices**

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



## **RISK FACTORS**

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

### **Operating History**

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

### **Competition**

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

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

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

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

### **Decrease in Value of Collateral for the Loans in Company's Portfolio**

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

### **Expansion of Real Estate Loan Base**

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

### **Demand for Real Estate Loans**

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

### **Management of Rapid Growth**

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

## **No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance**

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

## **Terms of Notes**

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

### **Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes**

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

### **Variable Rates and Maturities of Notes**

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest

rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

### **Value of Company's Assets**

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

### **Collections and Foreclosures**

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

### **No Assurance of Conventional Financing for the Company's Operations**

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's

management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of 12% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

### **Regulation**

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently



structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See “Business – Regulation,” including the predatory mortgage lending discussion contained therein.

### **FHA Regulations**

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company’s loans from prospective borrowers, which could impair the Company’s ability to keep all of the proceeds from this offering fully invested. See “Business – Regulation.”

### **No Assurance of Successful Placement of the Notes**

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See “Use of Proceeds” and “Business.”

### **Absence of Public Market/ Non-Transferability of Notes**

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company’s sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market

will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

### **Impact of Change in Economic Conditions**

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

### **Dependence on Key Personnel**

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such

plan will be successful. See “Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick.”

### **Management’s Outside Interests and Conflicts of Interest**

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company’s outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See “Management.”

### **No Protections From Investment Company Act Registration**

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company’s business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See “Business.”

### **No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law**

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's management believes that the Company is not engaged in the business of providing investment advice for compensation. Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

### **Control by and Benefits to Insiders**

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

### **Difficulties and Costs of Continuous Offering**

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

### **Certain Charter Provisions**

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

### **Notes Are Unsecured General Obligations**

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code") also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

### **Changes in Investment and Financing Policies Without Noteholder Approval**

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's management. The Company's management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

### **Issuance of Additional Debt and Equity Securities**

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

### **Concentration of Loans in Arizona**

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

### **Possible Inadequacy of Allowances for Loan Losses**

The Company's allowance for losses related to the loans is maintained at a level considered adequate by management to absorb anticipated losses, based upon historical experience and upon management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

### **Broad Management Discretion as to Use of Proceeds**

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

### **Company Is Exposed to Risks of Being a Lender**

The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.



### **Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans**

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan

### **Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes**

The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

### **Violation of Various Federal, State and Local Laws May Result in Losses**

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

#### **Delays in Liquidation Due to State and Local Laws**

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

#### **An Investment in the Notes May Not Be Consistent With Section 404 of ERISA**

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

#### **There Can Be no Assurance of Confidentiality**

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

### **Legal Counsel to the Company and Its President Does Not Represent the Noteholders**

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

### **Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President**

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

### **Federal Income Tax Risks**

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

## **FORWARD-LOOKING STATEMENTS**

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

## USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions &amp; Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

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- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.



## **PRIOR PERFORMANCE**

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$2,100,000 was raised from existing and new investors. In 2010, an additional \$2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for

its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

Year	Loans Funded	Loan Value	Value of Loans	Loans Repaid	Loans Repaid Value	Value of Homes Repaid
2001	37	\$3,378,000.00	\$6,293,000.00	15	\$1,452,000.00	\$2,431,000.00
2002	69	\$5,685,000.00	\$878,000.00	66	\$5,267,000.00	\$9,076,300.00
2003	124	\$11,673,000.00	\$1,753,500.00	106	\$963,500.00	\$14,488,500.00
2004	185	\$19,907,000.00	\$30,422,600.00	170	\$17,951,700.00	\$26,939,500.00
2005	236	\$34,955,700.00	\$50,887,300.00	252	\$31,001,940.00	\$45,111,500.00
2006	215	\$34,468,100.00	\$52,784,000.00	212	\$35,301,250.00	\$53,057,200.00
2007	272	\$42,579,634.00	\$65,931,500.00	257	\$41,424,815.00	\$65,482,800.00
2008	304	\$38,864,660.00	\$63,671,300.00	257	\$34,578,755.00	\$56,369,400.00
2009	412	\$41,114,707.00	\$72,078,020.00	349	\$39,416,824.00	\$67,715,100.00
2010	390	\$37,973,097.00	\$63,771,350.00	355	\$37,175,201.00	\$61,666,170.00
*2011	378	\$36,187,995.00	\$62,240,600.00	*300	\$29,883,992.00	\$51,004,900.00
		\$306,786,893.00	\$470,411,170.00		\$274,416,977.00	\$453,340,370.00
	2622			2319		
*Through June 30, 2011						

From 2001-2005, all interest due from all loans was collected.

In 2006, one loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, one condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest

was collected on all four loans. One land loan was written off. The loss was absorbed by the Company.

In 2008, one condominium and six homes were sold with minimal principal loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, one condominium and 12 homes were sold with principle loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. The Company also acquired a 12-plex that was a construction loan. This is being rented and managed by a property management firm.

In 2010, one house was sold for a loss. It was acquired through foreclosure in 2009; the loss was absorbed by the Company.

In 2011, three homes were sold for a loss. The losses were absorbed by the Company. There were three homes that were sold for a gain and all interest was paid in full. One loan was foreclosed on, sold at the auction, all principle, interest, late fees and foreclosure fees associated with the sale were collected. One house is presently in escrow, which will close in July, to which a gain will be made.

The Company presently has three condominiums, 12 houses and a 12-plex that are all being rented. A professional management company has been retained to manage these properties. All of these properties are listed to be sold. The rent received is at or slight negative to the cost of capital for the Company. It was Management's decision to retain these properties rather than sell them and take a loss. Now that the market has shown some signs of strengthening, it is believed that these properties can be sold for minimal loss to the Company.

The Company currently has one condominium and one lot that are for sale. The lot is currently be negotiated to be rented by a construction company at the cost of capital. The goal is sell both of these properties as soon as possible.

Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170. The total amount of loans that have funded and closed is \$274,416,977 with home values equaling \$453,340,340. These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

## **MANAGEMENT**

### **Directors and Executive Officers**

The Director and Executive Officer of the Company are: Denny J. Chittick, 4\_, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

### **Real Estate Consultant**

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

### **Employees**

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

### **Contingency Plan in the Event of Death or Disability of Mr. Chittick**

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for thousands of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

### **Management Compensation**

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management – Management Compensation." As the Company expands its lending operations and increases the workload of

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

### **Ownership Compensation**

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

## PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick 6132 W. Victoria Place Chandler, AZ 85226	500,000	100%

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.



## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Ownership**

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

### **Competing Businesses**

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

## DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors – Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities.

**Note Terms (2) (3)**

<b>Note Amount (1)</b>	<b>6 Months</b>	<b>1 Year</b>	<b>2 Years to 5 Years</b>
\$50,000 and up	8% <sup>(4)</sup>	10% <sup>(4)</sup>	12% <sup>(4)</sup>

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

## PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, or any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act, and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

## **DETERMINATION OF OFFERING PRICE**

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.



## **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

**PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.**

For purposes of this summary, a “U.S. Holder” is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A “Non-U.S. Holder” is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.

## **U.S. Holders**

### ***Interest***

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

### ***Market Discount***

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

### *Sale, Exchange or Disposition of Notes*

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

### **Non-U.S. Holders**

#### *Interest*

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

#### ***Sale, Exchange or Other Disposition of Notes***

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

## **U.S. Federal Estate Taxes**

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

## **U.S. Backup Withholding and Information Reporting**

### *U.S. Holders*

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

### *Non-U.S. Holders*

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

**THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.**

## INVESTOR SUITABILITY

### General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.



## Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is “sophisticated” in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

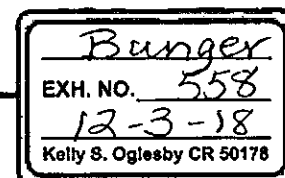
- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity, a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a) (22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/26/2013 4:58:05 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Cash



ok i will, i've got a lot going out the next few days with another possibility of 2.5 going out on two deals tomorrow, so i'll be in touch.

thx  
dc

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

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, February 26, 2013 5:25 PM  
**Subject:** Cash

Hi Denny,

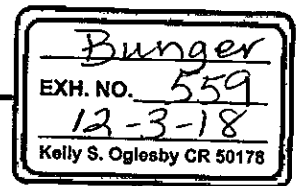
I finished selling the MINI stock now so I am flush with cash I need to get invested Please let me know when I can wire you another \$1M.

Have a good one.

Thanks,  
Steve

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/5/2013 6:24:55 AM  
**To:** Steve Bunger [steve@bunger.me]; Scott Sprinkle [scott@sprinklefinancial.com]; Tricia Moore [tricia@sprinklefinancial.com]  
**Subject:** Re: Fwd: 1 million



i received the wire.  
thx  
dc

DenSco Investment Corp  
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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Scott Sprinkle <scott@sprinklefinancial.com>; Tricia Moore <tricia@sprinklefinancial.com>  
**Cc:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 4, 2013 12:42 PM  
**Subject:** Fwd: 1 million

Hi Scott and Tricia,

Attached is a \$1M wire transfer request to Densco. I will call you and a few to verbally confirm. I was hoping to get the wire completed today if possible.

Thanks,  
Steve

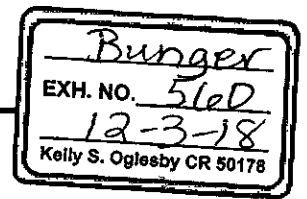
----- Forwarded message -----  
**From:** Denny Chittick <dcmoney@yahoo.com>  
**Date:** Mon, Mar 4, 2013 at 12:14 PM  
**Subject:** 1 million  
**To:** Steven Bunger <steve@bunger.me>

i'll take it as soon as you can wire it.  
thx  
dc

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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 3/6/2013 10:08:44 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Evite Invitation: DenSco Dinner Party



well come by anytime and i'll make you a sandwich!

i've got docs for you too  
thx  
dc

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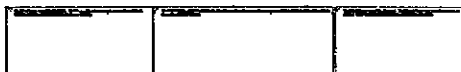
From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, March 6, 2013 11:00 AM  
Subject: Re: Evite Invitation: DenSco Dinner Party

Shoot - We can 't make it because we will be in San Diego with family for spring break.

On Wed, Mar 6, 2013 at 9:33 AM, Denny Chittick <info@mailva.evite.com> wrote:

Denny Chittick invited you to  
**DenSco Dinner Party**

Sat, Mar 16, 2013 at 3:00 PM  
WHERE:  
My House  
6132 W Victoria Pl  
Chandler AZ 85226  
WILL YOU ATTEND?



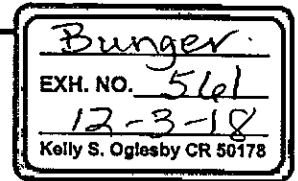
**VIEW THIS INVITATION**



Is this email going to your junk, bulk folder? Add [info@mailva.evite.com](mailto:info@mailva.evite.com) to your address book to ensure that you receive all future Evite invitations in your inbox.  
Don't want to receive any Evite emails from this person? [Click this link.](#)  
If you no longer wish to receive notifications from Evite for this event only, [update your notification settings.](#)  
*Note: Replies to this email will go directly to the person who sent this message, not to Evite.*

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/7/2013 1:15:08 PM  
**To:** Steven Bunger [steve@bunger.me]  
**Subject:** another million

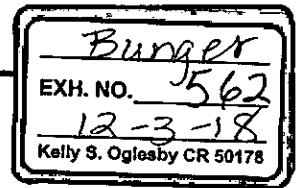


i can take another million tomorrow if you like.  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/8/2013 10:01:06 AM  
**To:** Steven Bunger [steve@bunger.me]  
**Subject:** wire

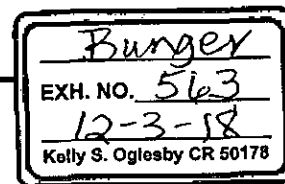


i received it, thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/29/2013 12:37:51 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Checks yesterday



by the way you said your phone was quiet, i texted you when i got the checks from your daughter and said thx, i hope you received that.  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, March 29, 2013 12:15 PM  
**Subject:** Re: Checks yesterday

Great - you can put it into the desert classic account.

Thanks,  
Steve

On Mar 29, 2013, at 11:39 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

yes, all went fine. they actually gave me credit for them over night. your daughter brought me 4 checks, but i just used two.  
so the million dollar deal backed out, the 2.4 deal didn't close today won't until tuesday, so you see how wild swings i have in cash and demand, that helped a ton, though, i was able to fund a few other guys deals that i wouldn't have been able to fund. plan on getting the money back tuesday or wednesday. let me know where you want it sent too.  
thx  
dc

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602-532-7737 f

---

**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Friday, March 29, 2013 11:26 AM  
**Subject:** Checks yesterday

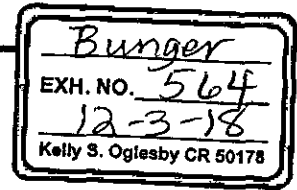
Hi Denny

Hopefully you haven't had any problems with the two checks all dropped off. My phone had been on silent and I had two calls questioning the checks. I just called my schwab broker and chase agent to tell them that the checks are ok.

Thanks,  
Steve

Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 3/29/2013 2:10:27 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement March  
**Attachments:** Statement\_5.pdf



Investors: Steven

I've decided not to take on any new investors.

I'll continue to accept money from the current investors.

I appreciate all the referrals from everyone, since I spent exactly \$0 on marketing, word of mouth was my only way to grow.

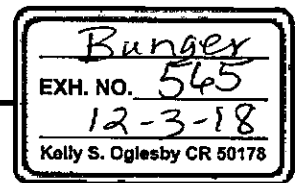
Please find attached your monthly statement.

Thanks,

dc

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 4/19/2013 2:27:16 PM  
**To:** Steven Bunger [steve@bunger.me]  
**Subject:** dinero



If you have some spare change that you would like to make some interest on let me know, i had quite a few guys buy today and i don't have enough to cover them.

\$'s wise, i'll take what ever you would like to invest.

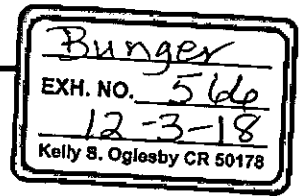
thx

dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 4/22/2013 8:25:12 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Mom's Meeting 4/19



ok i'll let you know when it arrives.  
thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, April 22, 2013 8:23 AM  
**Subject:** Re: Mom's Meeting 4/19

I'll do it in a few minutes.

Thanks,  
Steve

On Apr 22, 2013, at 8:22 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

yes plz

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---

**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Monday, April 22, 2013 8:22 AM  
**Subject:** Re: Mom's Meeting 4/19

Do you still need the \$400k wired to you this morning?

Thanks,  
Steve

On Apr 21, 2013, at 7:03 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

Thanks for coming and Thanks to Mike for hosting.

CASH

First off, I've been barely able to keep up, Friday am, start with 50k, I have 1.6 closing Friday and next week, so it will be very tight. I was able to raise some money on Friday afternoon, but it's still going to be tight this coming week.

Landon's Window guy Dan Van Ness- anyone use him, Larry and Shawn got some quotes from him, so if there is more feedback let me know.

Macro

Cypress - it was a non-event, other than it scared everyone that the depositors all depositors not just over 100k were going to take a 30% haircut extremely scary if it was the blue print for the next country. Could you imagine if we didn't have Fed insurance here?

Gold has fallen most in 30 yrs, all speculation, though copper, the base metal for all industrial production and building has collapsed. China being slow, but also the rest of the world is slow. With all commodities falling, lumber, gypsum, all building commodities are low, my theory, and our home construction will take advantage of the low cost and lead us and then the world out of recession.

Japan is doing a fed, printing money to try to revive their economy, 3x times what our Fed is doing, Japan's the 3<sup>rd</sup> largest economy in the world, if they get rolling, which they've been stuck in a 20 yr funk, that will help things. China is slowing because the world is slowing, and I am still a believer this will all reverse by year end.

Wilcox report from Kevin:

There are more conventional purchases than cash, first time since 2009

Median price per sq \$100 (first since Sep 2008)

Sales were 7% lower March to March, but up 32%  
March over Feb

Median sales price is \$180, peak 2006 was  
\$280k, and ave is 170k, up 165k just a few  
months ago

We still have positive job growth, one of the  
strongest in the country, and interesting fact,  
number one in the country in creating jobs  
outside the down town center, i.e. 101  
Corridor, west side warehouses, Scottsdale  
financial area. King of Sprawl!

Housing shortage:

Housing Shortage in Phoenix

Here is what Michael Orr of the Cromford Report  
has to say:

The population of the Phoenix-Mesa-Scottsdale  
AZ metropolitan area was measured by the US  
Census Bureau... they estimate that an  
additional 136,647 people were added to the  
population between April 1, 2010 and July 1,  
2012 (a 3.26% increase). 136,647 additional  
people would require 52,964 additional housing  
units. This looks very large compared with the  
18,617 new single family units that were  
permitted in the 2 counties during this period,  
and some of those county areas lie outside the  
metropolitan area, so we can clearly see how a  
housing shortage has come about

Complicating this is the fact that a  
significant proportion (of the order of 20%) of  
new homes are being purchased as second or  
vacation residences, so do not count as  
accommodating any of the resident population.

Between July 1, 2012 and January 31, 2013 there  
have been only 6,492 single family permits  
issued in Maricopa and Pinal Counties. This  
suggests new home construction is still a long  
way behind what is required to cope with the  
population growth.

1 in 7 people that were foreclosed on,

(whatever the outcome) is now able to buy a home, by 2014, it will 2 out of 7, every min another probably homeowner is approved. Looking back at the number of foreclosures over the last say 5 years, that's a number around 300-350k houses, if we use this stat, if the 3yr is the min, you have low side of 12k, high side of 20k, that now can buy houses again, that will double by next year, more buyers coming in the market!

Inventory, down 15% from last yr this month, right at 20k on MLS, 12500 w/o contracts and 80% of those are above \$150k!

Foreclosures continue to fall, and will, we are on track to be on par with expectations in the coming months. June ish or so.

New sales, 800 homes in February sold Gilbert, Goodyear and Peoria big three - out on the edge

Resales are now 51% of total sales; Betty and Bob consumer are now the majority! The first time that's been true since 2008!  
Flips only rep 9% down from 13% in Feb or 2012

Short sales, preferred method, but the banks are asking for higher and higher prices, which then the consumer is like hold it, I can sell it and cover the nut, so you'll see higher prices and less of these come through too.

Auctions - on a heart monitor, 489 bought at auction last month, way down and will continue to fall. But there is less competition down there too, high prices remain, but what you can sell them for his higher too!

Because of chronic shortage of houses, prices will continue to rise, they are up 4% Jan/Feb. already, and season just began, I think it's going to be rising right through the summer because there is no slowdown in demand and builders are creating enough new products to

have any affect. Permits are showing they'll only build HALF of what would be necessary to affect supply.

We have an interesting thing going to happen, as prices rise, more people are no longer underwater, yet less people can afford the same house as prices rise, but there are more people every day that can buy again since their foreclosure, you've got new builds coming on, until all these factors work in concert to increase supply to slow demand, we'll have prices increase. All of these factors are a push and pull on supply and demand. We have a consumer that is more and more confident and an economy getting stronger, I don't see any abatement in demand, as long as supply is constrained, we'll continue to see price rises, certainly through June.

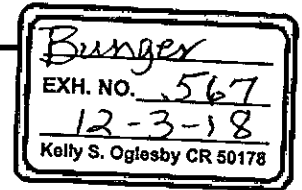
Thanks for your time and business, Max is going to host next month. I've attached the spreadsheet, please send me back changes, then I'll send out an updated master on in a week or so.  
dc

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<MOMS List 4-21-13.xlsx>



Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 5/20/2013 7:45:35 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: return of funds



it's in your acct!  
thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Sunday, May 19, 2013 7:29 PM  
**Subject:** Re: return of funds

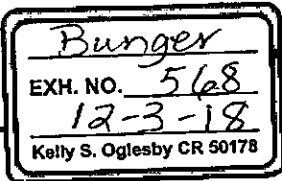
I will need another \$50k to fund the biz I am buying

Thanks,  
Steve

On May 19, 2013, at 3:45 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

you wired 200k back to you, did you want another 50k?  
dc

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Message

**From:** Denny Chittiek [dcmoney@yahoo.com]  
**Sent:** 7/7/2013 9:53:34 PM  
**To:** princevillegroup@yahoo.com; Dave@atlasinvestments.com; azklmble@gmail.com; kirkjfisher@yahoo.com; mikemaore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger.Billeci@PropertyQwest.com; nishelbadiani@yahoo.com; JJMILLER@COX.NET; koksalcengiz@gmail.com; facesanders@gmail.com; darcy@savingarizonahomes.com; ryrobson@gmail.com; johnraypc@gmail.com; smena98754@aol.com; merwin68@gmail.com; ezhomesinc@gmail.com; ryan@sundancecg.com; andrew@sundancecg.com; jgroseth@cox.net; rlewis@SnowbirdInvestments.com; chad@aldoraconstruction.net; jakegarcia505@yahoo.com; rphillips@phillipsgroupusa.com; gmhardy50@gmail.com; appraisalasap@gmail.com; bryan.a.schlueter@gmail.com; realestatebyroxie@hotmail.com; cjsterling@cox.net; barryluchtel@gmail.com; landonluchtel@gmail.com; thejacejohnson@gmail.com; lstoianova@cox.net; pearces@mailhaven.com; fyale@aol.com; erikanderson30@gmail.com; gpjewett@gmail.com; mindyphamhomes@gmail.com; ultimatlcc@cox.net; chuck@sellingarizona.com; yworry1979@hotmail.com; johnjohnjan@hotmail.com; SREG8000@gmail.com; azhideshow@yahoo.com; azhomesale@gmail.com; chrst00@yahoo.com; mphillips310@gmail.com; kansascharley@yahoo.com; rconway@all-starcapital.com; bhoward14@cox.net; rhenryscott@gmail.com; ericlebaron5@yahoo.com; msverlyk@lmtwo.com; pzweig@cox.net; Kristi@atlasinvestments.com; xeon44@yahoo.com; johnfilipian@hotmail.com; davidgullatte@yahoo.com  
**BCC:** Steven Bunger [steve@bunger.me]  
**Subject:** CASH 7/8 - 7/12

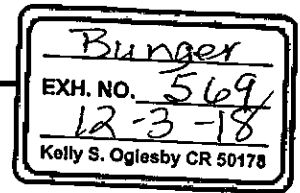
I have just enough in my acct, to cover this weeks committments, which is about 2.4 million. however, i have over 2 million coming in and i can bring in 750k on demand, so i think for the 2nd week in a row i'll have plenty of cash.

thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 7/8/2013 10:10:43 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: CASH 7/8 - 7/12



i figure if you can't understand it many more prob can't either!  
i'll be more clear next week.

thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, July 8, 2013 10:02 AM  
**Subject:** Re: CASH 7/8 - 7/12

Sorry about that - I've seen your emails before.

Thanks,  
Steve

On Jul 8, 2013, at 9:06 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i send this out to my borrowers every week, let them know where i'm at. i've got 2.4 million worth of deals that are scheduled to fund this week, which is about what i have in my account. but i have over 2 million coming in from planned closes, which about 70% actually happen. so i'm telling them, i'll have extra cash this week, plus with you telling me you have 750k available, if i get a bunch of requests over my current cash position i can bring more in.  
hope that is more clear.  
dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Sunday, July 7, 2013 11:14 PM  
**Subject:** Re: CASH 7/8 - 7/12

Hi Denny,

I am confused by the email. I think it means you don't need the money now and won't need it for at least a couple of weeks.

Is that correct?

Thanks,  
Steve

On Jul 7, 2013, at 9:53 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

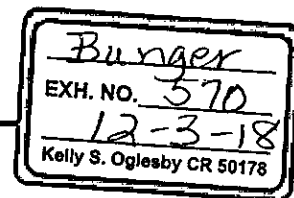
I have just enough in my acct, to cover this weeks committments, which is about 2.4 million. however, i have over 2 million coming in and i can bring in 750k on demand, so i think for the 2nd week in a row i'll have plenty of cash.

thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 7/12/2013 10:31:48 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Btw



once i get it, it will be put to work until you say you want it back. but i understand.

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602-532-7737 f

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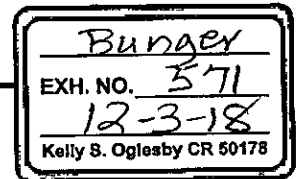
**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, July 12, 2013 10:21 AM  
**Subject:** Btw

I would have rather given you the money even though you pay 12%. I get 14% with the others but its hard to really yield that because I can't keep the money working 100% of the time.

Thanks,  
Steve

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 7/15/2013 12:43:01 PM  
**To:** steve@bunger.me  
**Subject:** RE: Funds



I don't need it today , I had a borrower say he's paying me off on over a million worth if loans tomorrow so I will let u know

Thx

Sent from Yahoo! Mail for iPhone

---

**From:** Steve Bunger <steve@bunger.me>;  
**To:** Denny Chittick <dcmoney@yahoo.com>;  
**Subject:** Funds  
**Sent:** Mon, Jul 15, 2013 5:51:06 PM

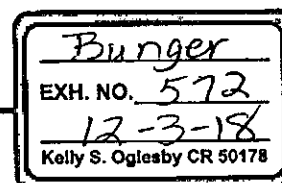
Hi Denny,

I have \$300k right now to invest if you need capital. Please let me know.

Thanks,  
Steve

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 7/15/2013 5:15:03 PM  
**To:** Steven Beth Bunger [steve@bunger.me]  
**Subject:** Things change quickly

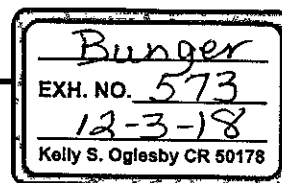


Don't give it away I have a guy just called he is trying to take down 2.85 mil for 56 homes I will need every dime so don't give away unless u warn me I want first refusal!

Sent from Yahoo! Mail for iPhone

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 9/26/2013 3:59:52 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Second Account



i'll start it in oct that way the banks match up with the  
statmeents.

dc

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602-532-7737 f

---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, September 26, 2013 3:54 PM  
**Subject:** Re: Second Account

either way is fine.

On Sep 26, 2013, at 3:51 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

i can make the statement change, but i can't make it for the  
interest payment. that's already been withdrawn from my acct and  
sailing towards your account.

do you want me to make the statement as of sept or start in oct?

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602-532-7737 f

---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, September 26, 2013 3:50 PM  
**Subject:** Second Account

Hi Denny,

Can you please move \$795,000 of the hard money lending I have invested with you to a second account called,



Steven G and Mary E Bunger Estate, LLC. It is a disregarded Nevada LLC and I am the operating member.

I have opened up a Chase bank account that I would like the interest wired to. The account number is 259536006 and it is titled in the LLC name. The routing number is 122100024.

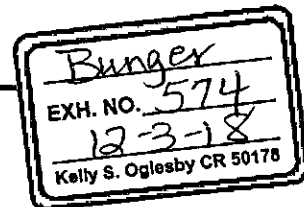
It would be great if you could make the change effective on September 1, 2013.

Please email or call me if you have any questions.

Thanks,  
Steve

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 12/18/2013 8:30:51 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: investment



right now i'm not sure. it's so difficult to know who's doing what amount of work next week. i've been funding a lot of deals as planned, but closings have slowed down. so i've worked through my cash, which is good, but either i could have a million come in friday or nothing and with the holiday middle of the week, not sure what's going to happen next week.

i would guess 500k to 1 million. i just wanted to make sure you hadn't spent it all. if it's available i'll be in touch as i get smarter on cash flow.

thx  
dc

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---

From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, December 18, 2013 9:19 AM  
Subject: Re: investment

I am. How much are you thinking?

Thanks,  
Steve

On Dec 18, 2013, at 9:04 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

i'm not in need of any today, however, i might require some more money by end of week or first of next

week of payoffs slow down. are you still interested in  
investing some?

thx

dc

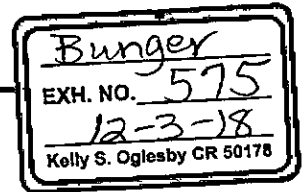
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 12/19/2013 10:13:43 PM  
To: Steven Bunger [steve@bunger.me]  
Subject: dollars



i'll take the suspense out of it now. I'll take 500k in the morning. which means of course i'll have 1 million payoffs tomorrow, but that's ok. my desk is getting stacked up on deals to close by the end of the year.

i'll have the paperwork for you, once you let me know which entity you want it in. i'll pay monthly and 12% with the understanding i'll probably returning some if not all of it in the first quarter. i want you to be able to pay your fair share!

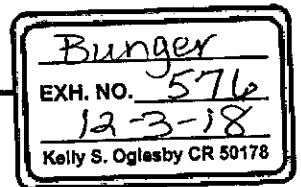
thx

dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 12/20/2013 7:41:08 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: dollars



ok it hit, thx, let me know which entity you want the docs in.  
thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, December 20, 2013 6:32 AM  
**Subject:** Re: dollars

I just wired you the money.

Thanks,  
Steve

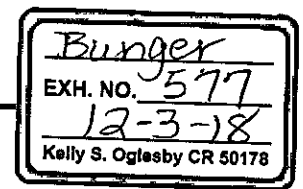
On Dec 19, 2013, at 11:16 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'll take the suspense out of it now. I'll take 500k in the morning. which means of course i'll have 1 million payoffs tomorrow, but that's ok. my desk is getting stacked up on deals to close by the end of the year. i'll have the paperwork for you, once you let me know which entity you want it in. i'll pay monthly and 12% with the understanding i'll probably returning some if not all of it in the first quarter. i want you to be able to pay your fair share!  
thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 12/23/2013 8:21:51 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Need any \$\$



ok i'm good for tomorrow. however, thursday friday i might be in need. i've got to good borrowers, you've one of them, Barry and Landon, they need 300k, and another needs 500k. i had a few people tell me they think their stuff will close tomorrow. if all of them do i'll be fine, but you know the offices will be empty by noon, so i'll know early how much i'll have .

i'll let you know tomorrow if i need anythign at the end of the week.

thx

dc

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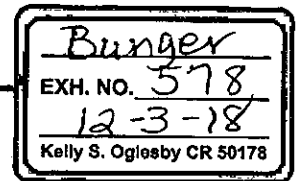
---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, December 23, 2013 3:55 PM  
**Subject:** Need any \$\$

Thanks,  
Steve

Message

**From:** Denny [dcmoney@yahoo.com]  
**Sent:** 1/12/2014 5:03:03 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Investment



Ok no prob, call me when u get back we will figure it out, timing and dollars

Sent from my iPad

On Jan 12, 2014, at 5:58 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

I'll let you know when I get back home from whistler tonight. I did a bunch of other loans and need to see how much I committed. How much do you think you will need?

Thanks,  
Steve

On Jan 12, 2014, at 12:32 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

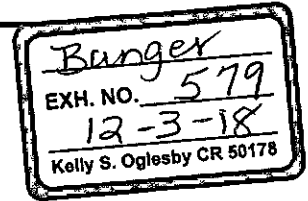
1. i have paperwork foryou for that 500k you invested last month
2. if you have some more you want to invest, let me know. As typical for this time of year, closing (cash coming back to me) are slow, becuase no one was buying (retail investors) houses in December, they were xmas shopping, yet, my guys are still buying pretty regularly. I can see myself running out of cash perhaps this week.  
let me know  
thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 1/21/2014 11:03:40 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: cash



ok that will work.  
thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, January 21, 2014 11:17 AM  
**Subject:** Re: cash

you should see \$500k today and then \$500k tomorrow.

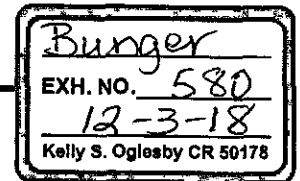
On Jan 21, 2014, at 11:07 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'll be needing your cash this week, give me a call so we can talk.  
thx  
dc

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Message

**From:** Denny [dcmoney@yahoo.com]  
**Sent:** 1/25/2015 7:40:19 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: statements



Steve, this is really too much. I just finished end of month, made all the adjustments and now u want me to undo it! I have made sure the right entities have received all the interest back dating and changing it, uncle!

Sent from my iPad

On Jan 25, 2015, at 8:30 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Hi Denny,

I will say that I don't understand but I am sure you will be able to explain. The main thing I am worried about is to make sure the right entity gets the interest and the same interest is reported to the IRS.

I have been working on my cash planning for the new business and need to make an adjustment to the amounts. I am so sorry for the inconvenience.

I now would like to leave \$100,000 in each of the kid's accounts with you.

Let me know when you have the paperwork re-completed and I'll come by and sign it and tell you about our trip which was awesome.

Thanks,  
Steve

On Jan 24, 2015, at 2:30 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

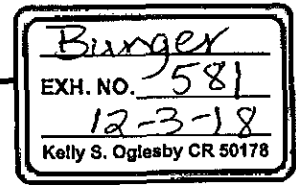
i'm doing end of month today. with the movement of money back and forth between your accts and kids at different dollar amounts going out and coming, it's a bit of challenge to figure out which investments were what number. what i'm going to do is just move the 550k in each kid back to desert classic acct, with a date of

5/1/14 which is what i had on the  
kids investments and just make them  
4 ,5,6 on your account. so as you  
take money out i'll just start at 6 and  
move back wards. this may not make  
sense to you, but it makes sense to  
me based on what you've done.  
so i've got paperwork for you to sign,  
plus i want to hear about your trip.  
thx  
dc

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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 5/17/2015 11:34:58 AM  
To: Yomtov Scott Menaged [smena98754@aol.com]  
Subject: Fw: Funds



it just doesn't stop with these requests!

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----- Forwarded Message -----

From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Saturday, May 16, 2015 2:43 PM  
Subject: Funds

Hi Denny,

Working on my cash flow and this is what I think my needs for cash from our account:

May - \$400K  
June - \$500k  
July - \$500k

I am funding the cash needs from my home line of credit in May right now so not a huge rush but would like to get it paid down by the end of the month.

You can return the funds in future months at the beginning of the month or weekly during the month.

It is hard for me to figure out the cash needs because it depends on how fast I receive containers I ordered a while back that are being made in China.

The other wild card I have that will lesson the cash needs is I am thinking about bring on an equity investor for our Oklahoma City business. I have one of our container vendor's interested in making a \$500k investment. I also have three homes that are up for sell from our other hard money loans where I own a portion of those loans.

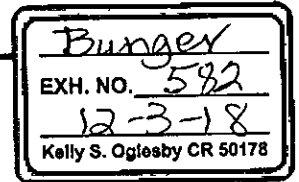
Will this be ok for you?

Thanks,  
Steve

1

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 10/2/2015 9:47:40 AM  
To: SMena98754@aol.com  
Subject: Re: Fw: Cash



his frist 300k requesthe wanted last month, i told him it wouldn't be until oct. i just wired him 100k this morning.

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From: "SMena98754@aol.com" <SMena98754@aol.com>  
To: dcmoney@yahoo.com  
Sent: Friday, October 2, 2015 9:46 AM  
Subject: Re: Fw: Cash

I would just tell him a month! I dont think you are required to return another 500k in a couple weeks!

In a message dated 10/2/2015 9:45:57 A.M. US Mountain Standard Time, dcmoney@yahoo.com writes:

i just get my nose above water and a pallet of bricks land on me

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**From:** "SMena98754@aol.com" <SMena98754@aol.com>  
**To:** dcmoney@yahoo.com  
**Sent:** Friday, October 2, 2015 9:34 AM  
**Subject:** Re: Fw: Cash

Let the Fun Begin on Friday!

In a message dated 10/2/2015 9:33:35 A.M. US Mountain Standard Time, dcmoney@yahoo.com writes:

**i just love this!**

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----- Forwarded Message -----

**From:** Steve Bunger <sbunger@proboxstorage.com>  
**To:** Dcmoney <dcmoney@yahoo.com>  
**Sent:** Friday, October 2, 2015 9:23 AM  
**Subject:** Re: Cash

Hi Denny,

I wanted to get the status on when you will be able to get me the \$300,000. I will also need another \$500k the following month or as soon as you can get it to me.

Thanks,  
Steve

---

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Date:** Tuesday, September 15, 2015 at 10:54 AM  
**To:** Steve Bunger <sbunger@proboxstorage.com>  
**Subject:** Re: Cash

Ok I will be in touch

On Sep 15, 2015, at 10:04 AM, Steve Bunger  
<[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)> wrote:

Beginning of October would work. I just took out \$200k from my home equity line of credit and only have \$100k available after that. Will that work for you.

Thanks,  
Steve

On Sep 15, 2015, at 9:47 AM, Denny Chittick  
<[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

honestly it won't be until Oct. i've got a stack of deals on my desk i have comitted to fund and i've got two other investors that are requesting a lot of cash out which is tasking me to manage between returning money to them and funding my deals.

is that alright?

dc

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---

**From:** Steve Bunger  
<[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Tuesday, September 15, 2015 9:38  
AM  
**Subject:** Cash

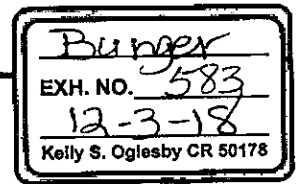
Hi Denny,

I need to get another \$300k from our main account. Please let me know when you can get it to me in a way that does not cause you any trouble.

Thanks,  
Steve

Message

**From:** Dcmoney [dcmoney@yahoo.com]  
**Sent:** 9/15/2015 10:56:32 AM  
**To:** SMena98754@aol.com  
**Subject:** Re: Cash



I told him October. He told me first week of October. I just had two of the deals that were supposed to close today get extensions. Shit. What about ur two properties 109th?

On Sep 15, 2015, at 10:13 AM, [SMena98754@aol.com](mailto:SMena98754@aol.com) wrote:

I guess it could be worse! He could have said I need the money back tomorrow!

In a message dated 9/15/2015 9:58:55 A.M. US Mountain Standard Time, [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com) writes:

while i'm driving i'll try to figure out how i'm going to manage this.

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----- Forwarded Message -----

**From:** Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Tuesday, September 15, 2015 9:38 AM  
**Subject:** Cash

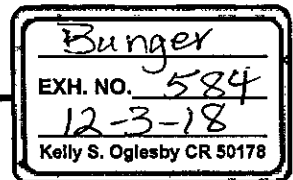
Hi Denny,

I need to get another \$300k from our main account. Please let me know when you can get it to me in a way that does not cause you any trouble.

Thanks,  
Steve

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 5/17/2015 11:55:15 AM  
To: Scott Menaged [smena98754@aol.com]  
Subject: Re: Funds



true! i just hope they coincide well enough to make them happy

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From: Scott Menaged <smena98754@aol.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Sunday, May 17, 2015 11:40 AM  
Subject: Re: Funds

Good thing we have all the retail closings! It came at the right time

Sent from my iPhone

On May 17, 2015, at 11:34 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

it just doen'st stop with these requests!

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----- Forwarded Message -----

From: Steve Bunger <sbunger@proboxstorage.com>

To: Denny Chltick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>

Sent: Saturday, May 16, 2015 2:43 PM

Subject: Funds

Hi Denny,

Working on my cash flow and this is what I think my needs for cash from our account:

May - \$400K

June - \$500k

July - \$500k

I am funding the cash needs from my home line of credit in May right now so not a huge rush but would like to get it paid down by the end of the month.

You can return the funds in future months at the beginning of the month or weekly during the month.

It is hard for me to figure out the cash needs because it depends on how fast I receive containers I ordered a while back that are being made in China.

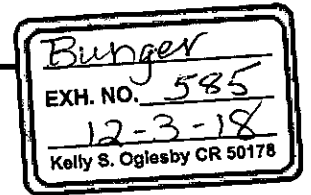
The other wild card I have that will lesson the cash needs is I am thinking about bring on an equity investor for our Oklahoma City business. I have one of our container vendor's interested in making a \$500k investment. I also have three homes that are up for sell from our other hard money loans where I own a portion of those loans.

Will this be ok for you?

Thanks,  
Steve

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 10/7/2015 12:48:09 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** 200k



i just wired it, i had some money come in early.

you had requested 500k more, when do you want that to come to you?

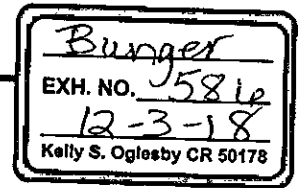
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 12/30/2015 11:14:01 PM  
To: steve@bunger.me  
Subject: December Statements  
Attachments: Statement\_5.pdf; Statement\_6.pdf



Attached is your statement.

It's end of year and I have updated the newsletter

<http://denscoinvestment.com/newsletter.html>

I also have a sample of the properties

<http://denscoinvestment.com/properties.html>

I hope everyone has a great new year!

Thx

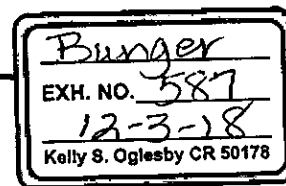
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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/18/2013 11:47:10 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: MOM's meeting



march had 5 fridays by a fluke of the calender. so we didnt'  
count the first.  
it's typically the third friday in each month yes.  
thx  
dc

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---

**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 18, 2013 11:36 AM  
**Subject:** Re: MOM's meeting

Hi Denny,

I will not be able to go to this one. I have some other meetings that day now. I had a place holder in my calendar for the third Friday of every month. Is it usually the day of the month you have the meetings?

Thanks,  
Steve

On Mon, Mar 18, 2013 at 10:07 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

5114 N 7th St, Phoenix, AZ 85014, Friday , March 22nd, at 11:30

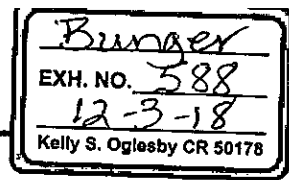
Shawn is hosting, [http://www.ticozaz.com/Ticoz\\_Resto-Bar.html](http://www.ticozaz.com/Ticoz_Resto-Bar.html)

is anyone wanting to bring a vendor? someone was saying they had a window person, Landon?

let me know who can come!  
thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/22/2013 10:14:46 PM  
**To:** Warren Bush [wbush1120@comcast.net]; Ralph Hey [hey.ralph01@gmail.com]; Van Butler [butlerv@yahoo.com]; Anthony Burdett [burdett.anthony@gmail.com]; Christopher Harvey [azhideshow@yahoo.com]; Marion Minchuk [mminchuk@cox.net]; Bill Swirtz [wjswirtz@me.com]; Steven Bunger [steve@bunger.me]; Stanley Mary Schloz [smschloz@msn.com]; Tony Sandra Smith [Aztonysmith@aol.com]; Jeff Phalen [Jphalen00@aol.com]; Tom Deanna Smith [tpsmith99@me.com]; Jim McArdle [JimM@ABDC-AZ.com]  
**Subject:** Fw: MOM's meeting 3/22  
**Attachments:** Redline Windows.pdf

Thx for everyone coming to my house for the DenSco Party. I hope you enjoyed the food and open bar! Next year we might have home cooked Irish food. We'll see if mom sticks to her offer.

I'm glad no one asked me about Cash! I started lunch with 250k in my account, by day's end I was close to 800k. It's end of month next week, so I'll be getting more funds in. if you have more deals, get me the info pronto so I put it on my desk and start planning for it.

Landon's Window guy

Dan Van Ness - his info is attached

Landon used him for his home, loved the service and price. They can do standard windows, custom windows, vinyl or wood, low end to high end, 5 to 7 days from measure to install; they also can do lots of little fixes, panes, cranks, single pane and double pane windows.

OK on the macro side of the things, latest crisis is Cypress collapse. They became a haven for Russian mafia money, 60% of all their deposits, the banks then turned and bought a ton of Greek sovereign debt, we know how that's gone! None of this will have an effect on us, just another European crisis of the week! My guess on the next crisis Slovenia!

Stateside, unemployment is falling, wages are rising, housing, autos and energy sectors are driving growth, and all these senseless government self induced crisis haven't been as big as deterrent as they wanted them to be. I think we could see a 2.5% GDP this quarter and really close to 3%

next quarter. We've never had a time when housing hasn't pulled us out of a recession; looks like this won't be any different.

Where are we at price wise historically? We are at 2004 Prices!!! Some areas bottomed at 1998! Most of the valley hit 2001, So at roughly 165k, we are in 2004, remember the peak was 285k.

Oddly, here we are in the busiest time of yr and MLS listing are down 4k from last yr, and 1k down from Jan, I've never seen this before, lowest levels since 2001! There is huge demand and little supply.

Ave price is dipped in Jan, just as I had thought, Nov 162k, Dec 164k, Jan 163k, probably up from here though! I know we'll go up from here, there is nearly zero bottom end (sub 50k) and now the high end this spring, 500k plus will really get going.

Jan vs. Dec sales fell 12% typical, but Jan to Jan fell 12% too, just no supply, biggest change of the nearly 7k sales in Jan, 3k were Bob and Mary consumer, that's up 50% from last yr

Presently supply on MLS is 13k with no contract, 77% above 150k, that's huge! 20% over 500k!

I think everyone is going to have to take a step up in price range, the competition is too tight for sub 150k and even if you get one, the margins are too skinny. The prices are going up and the affordability of a 250k to 500k house is the best there ever has been. Basically the payment for 250k home 4 yrs ago is the same as 500k house today. This will start pushing these prices up and then push the high end back up; probably take another 6 months to see a strong affect.

Foreclosures as a % of total were 47% now it's 32% probably fewer than 20% by June, as of total transactions in a given month.

Foreclosures, Up in Jan, but that's seasonal, up in Feb too, after end of March they will fall off the table. I had mentioned in June we are still 2.8 times the volume we

should be, Oct 1.6, now 1.2 , by June, we'll be at or below what a healthy market should see for foreclosures.

We started to see Scottsdale prices starting moving up first in 2011, now they are 92% of regular sales, just a handful of distressed properties. This is where the rest of the valley is going by year end.

New home sales, percent don't make sense, Gilbert number one city with 170 homes, I drove Gilbert, and it is building like mad. This city has the most new builds than any other city in the valley.

Other cities were between 25 and 75 homes, Tempe, Scottsdale and Avondale, hardly had any new home sales, later two will change, Tempe, can't.

Lot sales in Dec 2,272, Jan 143, you think that cap gains tax had an affect!? Permits are moving up faster than expected. Nationwide in the trough we build 300k houses being built, for year, now 1 million is the new estimate, ave is 1.4 million! The limits in the valley are still stymied by funding and labor. We have a long ways to go to get back to anywhere close to the numbers we used to see, but this yr 15k to 20k is realistic, hit 10k last year, when they were forecasting 7,500.

Investor flips, falling as a percentage of total sales, which is key, this is weeding out the small undercapitalized players, and I'm getting less and less odd ball calls from the onies and twoies group, which is great. There were months last year when we made up 30-40% of the volume, now it's 11%

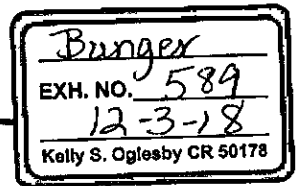
**Buying properties via REO's and Auction is going to continue to diminish short sales and Betty and bob consumer. Number one way to acquire properties, network with the realtors! Door knocking, flyers, mailers are coming back sooner than you want, and it will be harder than the last few years to acquire new properties.**

Econ 101 says prices are going to rise and keep rising; I've not changed my expectations of 20-25%

7  
Thanks for coming today and I appreciate your time, we don't have the next meeting tagged to anyone yet, unless Max was going to do it. let me know.

Thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 11/20/2013 10:14:13 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: MOM's meeting

ya, i won't need it until next week i'm guessing, if i do need it. the swings in cash are pretty remarkable. it's just a law of large numbers, 400 loans nearly 60 million, a lot comes in and out!

thx

dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Wednesday, November 20, 2013 11:08 AM  
**Subject:** Re: MOM's meeting

perfect - I won't have the cash until Friday but I am guessing that will still work for you.

On Nov 20, 2013, at 11:06 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

not this week, but i'll let you know, i've got some large deals that keep moving dates, so i could turn around and say yes tmorrow!

i'll let you know when i know.

thx

dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Wednesday, November 20, 2013 10:56 AM  
**Subject:** Re: MOM's meeting

Hey Denny,

I'll be there. Also, let me know if you want any more money. I just sold my remaining mini stock options and am flush with cash.

Thanks,  
Steve

On Nov 18, 2013, at 11:29 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

My goal in bringing us together was to share info, learn from one another and pick on Chris.

For this months meeting, instead of listening to me babble, Kevin has brought in some guys that will be helpful to your tax planning. Even though we all know you need to pay your "Fair Share" , it should be as small a possible.

I've got about 10 commits, let me know if any more are going to make it.

thx - read below  
dc

I know we normally share contractor and market info at the monthly meeting. I thought it would be timely to discuss tax reduction avenues for reducing our payments to the Obama fund. Since the end of tax year is coming

7  
to an end for most of us, I wanted all of us to think about the avenues we have used and share with the group.

I have invited 2 people who I thought we all can benefit from: Both were recent speakers at last weeks Financial Fest.

**Please see the attached about both of them**

Steve Jurich -

Founder & Owner of IQ Wealth Management Scottsdale AZ

Steve is a regular on Money radio discussing financial topics

He regularly performs seminars with Steve Forbes on the "New economy"

He still holds a Real Estate Brokers license from past businesses (He knows are business well)

He holds several financial licenses and has a fiduciary responsibility to his clients

He is an income/wealth specialist

<http://www.iqwealthmanagement.com/>

I wanted Steve to discuss any topics that you may have interest in as well as self employed IRA's, especially the self employed IRA 401K that can have up to 51k contributed for 2013.

Matthew Griffin- Payson Petroleum  
Founder & Part Owner & CAO of Payson Petroleum  
Bartonsville TX

7  
Please review the attached tax advantages for this Oil & Gas investment.

This may or may not be of interest to you.

As a front end loaded tax reduction avenue..... I have not found a better one.

<http://www.paysonpetro.com/>

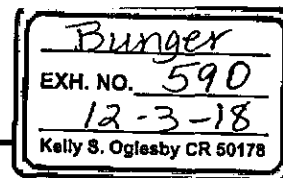
I wanted Matt to educate and answer any questions regarding this tax savings/investment with all of us.

Matt is flying in from TX. And Steve has set aside this time to share his knowledge with the group. I want to make sure that we have enough people for this month. Please RSVP as soon as possible so I can confirm the event with them.

They are not doing this for the purpose of getting clients. They are doing this as a favor to me for being a client. I receive no benefit in anyway from this.....

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Message

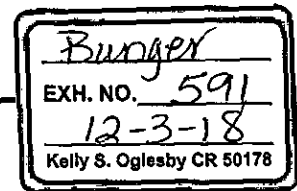
**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 1/23/2015 3:38:21 PM  
**To:** princevillegroup@yahoo.com; Dave@atlasinvestments.com; azkimble@gmail.com; kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger.Billeci@PropertyQwest.com; nishelbadlani@yahoo.com; JJMILLER@COX.NET; jacesanders@gmail.com; jakegarcia505@yahoo.com; chad@aldoraconstruction.net; appraisalasap@gmail.com; barryluchtel@gmail.com; landonluchtel@gmail.com; yworry1979@hotmail.com; bhoward14@cox.net; pzweig@cox.net; chuck@sellingarizona.com; victorgojcaj@yahoo.com  
**CC:** smschloz@msn.com; wbush1120@comcast.net; butlerv@yahoo.com; wjswirtz@me.com; steve@bunger.me; tpsmith99@me.com; jamccoy32@gmail.com; burdett.anthony@gmail.com; mscroggin@me.com; hey.ralph01@gmail.com; Jphalen00@aol.com; Aztonysmith@aol.com; jimpatmc44@gmail.com  
**Subject:** MOM's meeting 1/23  
**Attachments:** Moms meeting notes Jan 15.docx; Fannie Mae.pdf

Thx to Shawn for buying lunch, i'm sorry not more of you took advantage of him!

Attached are the meeting notes and a change in Fannie Mae appraisal nightmares, i mean guidelines and procedures.

thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/18/2013 9:39:02 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Excel Question

afternoon is better, i've got about 30 mins in the morning before i got to school for a couple of hours.  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 18, 2013 9:36 PM  
**Subject:** Re: Excel Question

thanks - that's actually how I did it but the returns were very large than I expected. If you are around, I will call you tomorrow to bounce some ideas around with you on how to structure my equity deal.

On Mon, Mar 18, 2013 at 9:34 PM, Denny Chittick <dcmoney@yahoo.com> wrote:  
exactly

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 18, 2013 9:24 PM  
**Subject:** Re: Excel Question

Is it simply figuring out the return and then dividing it by how many months it took to get that return and then multiply it by 12 to get an annual return?

Thanks,  
Steve

On Mar 18, 2013, at 9:19 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

I might have misunderstood what you are after, but IRR is usually used for cash flow situations on finding out

what your return is on a given investment, such as a rental unit.

return on investment is what my guys look at their deals. so if they put in 20k on deal and make 20k, that's a 100% return on your money, then you annualized it and it's substantial.

i gave you a VERY rough way that would be a better way to look at it if i'm understanding what you trying to do.  
dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Monday, March 18, 2013 6:56 PM  
**Subject:** Excel Question

Hi Denny,

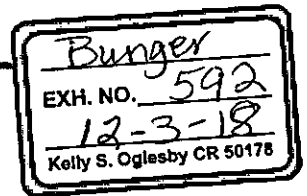
I am working on some hard money investing modeling and don't know how to use Excel to calculate IRR. Do you know? If so, can you show me the formula on the attached spreadsheet?

Thanks so much,  
Steve

<Copy of IRR Steve.xlsx>

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 2/27/2013 1:41:30 AM  
To: Steven Bunger [steve@bunger.me]  
Subject: 2 other guys



I appreciate your willingness to learn and understand this niche little business i'm in. there were two guys that weren't there last week, that i've worked with the longest and respect the most. i would recommend giving them a call and asking the same questions you asked friday. they will be able to give some more insight in to this biz.

i've warned them that you'll be calling them. they are really great guys.

Chris hughes - 623-628-0057

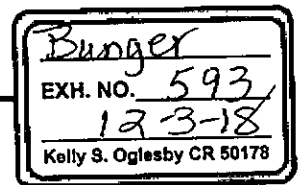
Don Kimble - 480-452-7289

thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/28/2013 6:37:37 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: cash and contacts



ok good to know, did you talk to Don and Chris?  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, February 28, 2013 7:36 PM  
**Subject:** Re: cash and contacts

It's at my brokerage account and I can wire it to you anytime with a days notice.

Thanks,  
Steve

On Feb 28, 2013, at 6:07 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

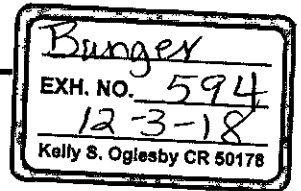
i was able to get out several million today and yesterday, i'm down to 1.6 with 1/2 of it going out tomorrow. so i'm thinking if things continue i can take some more money in next week. how accessible is it? in your chase acct? or a brokerage acct?, just so i know what the time of transfer would be.

did you call the two guys i gave you contact info on?  
thx  
dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 3/11/2013 2:56:42 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Fwd: New Loan 21588 E Mewes Rd



no it's good, i'd do that loan all day long.

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 11, 2013 2:47 PM  
**Subject:** Fwd: New Loan 21588 E Mewes Rd

quick question - would you consider this a good deal to lend on? My quick thoughts are the it is in an outlying area.

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

**From:** Mike Coffman <mike@clearaz.com>  
**Date:** Mon, Mar 11, 2013 at 10:14 AM  
**Subject:** New Loan 21588 E Mewes Rd  
**To:** Steve Bunger <steve@bunger.me>

For your reivew. Current COE 3/13/13.

Ps: 951 W Azalea Place does not currently have a close date. title is working on clearing up a title issue.

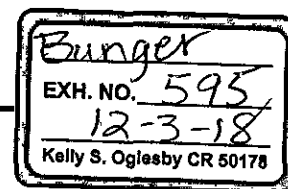
--  
Michael Coffman

CLEAR FUNDS, LLC  
9399 South Priest  
Tempe, AZ 85284

480-777-1230 tel  
480-777-7887 fax

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 1/27/2014 11:56:51 AM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Fwd: Existing DCI loan 5227  
**Attachments:** 20130821214237680.pdf



i see where they were thinking it was worth 135 a ft, i can't see anything that would get above 95 a ft, which is basically where your loan is at.

there is stuff listed in the neighborhood at 193 a ft and 112 ft , the 112 a ft is a REO. so if something sells you can easily be back up in the 135 a ft, i can't see 193 ever, so if it's perfectly fixed up, the core area of Phx, is getting a lot of attention. could you get 235k or so for it? i think that would be doable.

dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, January 27, 2014 12:34 PM  
**Subject:** Fwd: Existing DCI loan 5227

Hi Denny,

Do you think this house is worth \$275k? This is the loan where the guy got cancer and gave us back the property.

Thanks,  
Steve

Begin forwarded message:

**From:** Mike Coffman <[mike@clearaz.com](mailto:mike@clearaz.com)>

**Subject: Re: Existing DCI loan 5227**

**Date:** January 8, 2014 8:52:39 AM MST

**To:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>

**Cc:** Brian Coffman <[brian@clearaz.com](mailto:brian@clearaz.com)>, Tara Crane <[tara@clearaz.com](mailto:tara@clearaz.com)>

The loan principal is 192k

We are owed 202k (interest, fees, expenses, default interest)

It is mostly rehabbed, but is not retail ready. needs some fine touches - landscape, window ac for arizona room, broken window. the kitchen has been refurbished, but at the low end. if i were going for top retail, i would redo some of that. historically, we have taken the position that we do not rehab. we want liquidity at the earliest point possible.

We think, full retail, the house is worth 275k

We are working on selling it wholesale at or near the 202k mark.

We have checked title. Title is clear.

1. We will have the borrower deed the property over to us
2. We will cancel the existing listing
3. We will push hard for a quick, wholesale deal with goal of 100% of principal and then as much of our costs as possible.

On Wed, Jan 8, 2014 at 8:27 AM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Let me know what kind of offers you get versus the loan amount.

Thanks,  
Steve

On Jan 8, 2014, at 5:36 AM, Mike Coffman <[mike@clearaz.com](mailto:mike@clearaz.com)> wrote:

Mostly. Still needs some work to get truly retail. We have been talking to some folks that we can wholesale it to as is.

On Jan 7, 2014 10:06 PM, "Steve Bunger" <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Has it been rehabbed?

Thanks,  
Steve

On Jan 7, 2014, at 9:02 PM, Mike Coffman <[mike@clearaz.com](mailto:mike@clearaz.com)> wrote:

It is an existing loan. Borrower has cancer. Big time chemotherapy. He wants to deed it over to us. we would like to take it over and get it sold asap.

On Jan 7, 2014 9:37 PM, "Steve Bunger" <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Hi Mike,



I'm in whistler until Sunday night. Is this one of the loans I have or a new loan?

Thanks,  
Steve

On Jan 7, 2014, at 2:38 PM, Mike Coffman <[mike@clearaz.com](mailto:mike@clearaz.com)> wrote:

3625 E Yale Street

Steve,  
We are having some challenges on this loan. Please give me a call to discuss with you when you have time.

--

Michael Coffman

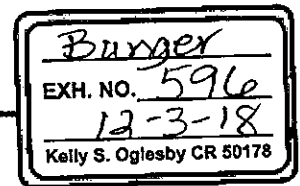
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[www.clearaz.com](http://www.clearaz.com)  
9399 South Priest  
Tempe, AZ 85284

480-777-1230 tel  
480-777-7887 fax

--  
Michael Coffman

CLEAR FUNDS, LLC  
[www.clearaz.com](http://www.clearaz.com)  
9399 South Priest  
Tempe, AZ 85284

480-777-1230 tel  
480-777-7887 fax



Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 10/2/2013 8:58:10 PM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Fwd: 4750 N Central Ave, Unit 3A: \$100,000

these high rise are tricky to comp. first off , floor level is everything, next to which way they look out. higher is going to better than lower, north is better than south.

3A i'm guessing is on the 3rd floor, on not sure which way it faces.

prices of all floors, north and south, have ranged from 100k to 132k, 132k was yes, the highest floor.

i think the value is right around 90-100k. so if they are requesting that loan amount, i wouldn't be inclined to take it. i would be more comfortable 80k and less.

i looked at the attachments, 150k value, BS! nothing has sold for that price, highest is 132k n hte top floor! or near the top floor.

no i wouldn't do the loan at the dollar amount.  
dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, October 2, 2013 6:14 PM  
Subject: Fwd: 4750 N Central Ave, Unit 3A: \$100,000

would you do this loan?

Begin forwarded message:

From: Bob Parmley <[bparmley@capstone-mortgage.com](mailto:bparmley@capstone-mortgage.com)>  
Subject: 4750 N Central Ave, Unit 3A: \$100,000  
Date: October 2, 2013 5:09:03 PM MST

To: [steve@bunger.me](mailto:steve@bunger.me)

Steve,

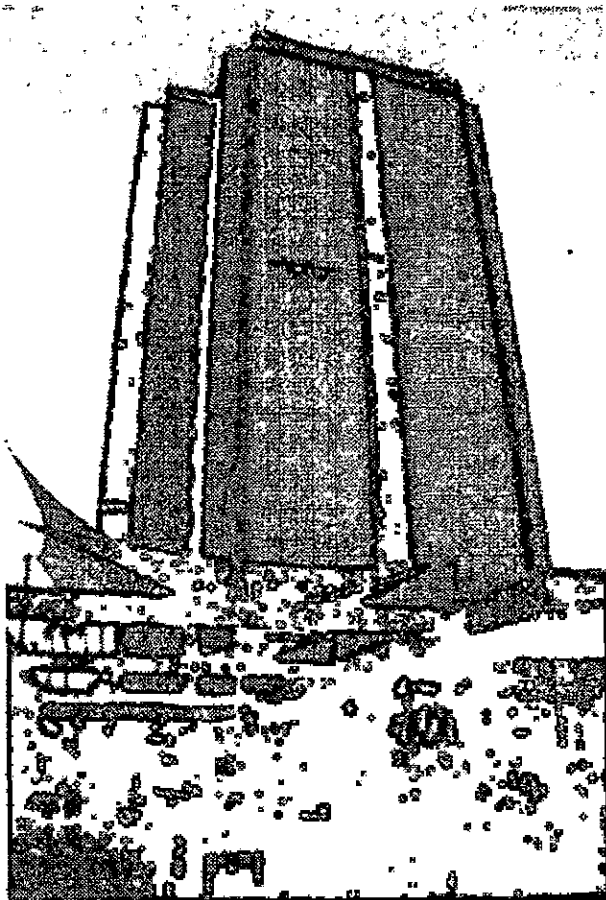
Thanks for getting the signed release back so quickly.

We just got this loan in today and I wanted to give you first look at it as a replacement to the Springfield loan that just paid off. It is a 6 month loan paying 14% and is going to be closing on Friday. Let me know if interested.

Have a great night,

Bob

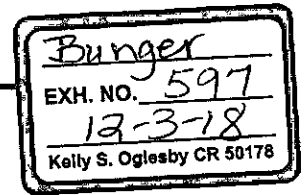
**Robert W. Parmley**  
**Director of Inside Sales**  
**Capstone Financial**  
6900 East Camelback Rd. #580  
Scottsdale, AZ 85251  
Office: 480.336.2828  
Direct: 480.779.4914  
Fax: 480.535.8822  
NMLS: 944074  
BK: 0914076  
[bparmley@capstone-mortgage.com](mailto:bparmley@capstone-mortgage.com)



7

Message

From: Denny [dcmoney@yahoo.com]  
Sent: 4/2/2014 9:37:33 PM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Qæstion



It is more simple to do it as of April 1st since I do the end of month for the 30th will that work?

Sent from my iPad

On Apr 2, 2014, at 9:36 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Correct

Thanks,  
Steve

On Apr 2, 2014, at 9:28 PM, Denny <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

So reduce ur acct 3.3 make 3 new accts and send the interest to each one?

Sent from my iPad

On Apr 2, 2014, at 9:12 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Hi Denny,

Thanks for the information. I'll have to see if they really need the money (i.e. they are bidding on a house this Friday)

I am also working on putting together the money I need to pay my taxes. I was hoping you could transfer \$1.1M into separate accounts for my kids. You would then reduce my account by \$3.3M (ouch). The target effective date is April 15, 2014. The name on the accounts are as follows:

- Alexandra S Bunger Irrevocable Trust Dated 12/29/1995 - (SSN 601-06-1875)
- Cassidy E Bunger Irrevocable Trust Dated 12/29/1995 - (SSN: 601-33-0510)
- Connor P Bunger Irrevocable Trust Dated 12/29/1995 - (SSN: 601-61-2305)

I was also going to have you wire the interest to their bank accounts at Charles Schwab (routing number 031000053) Their Swab account numbers are:

- Steven G Bunger TTEE, Alexandra S Bunger Irrevocable Trust Dated 12/29/1995 - 7035518376
- Steven G Bunger TTEE, Cassidy E Bunger Irrevocable Trust Dated 12/29/1995 - 7036329798

- Steven G Bungler TTEE, Connor P Bungler Irrevocable Trust Dated 12/29/1995 - 7036329712

Will this be ok with you?

Thanks,  
Steve

On Apr 2, 2014, at 11:25 AM, Denny Chittick  
<[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i can't, you can.  
yes 150k is no problem, house is worth 210k  
few suggtions and understandings  
1. go through title no other way to do the deal  
2. understand that this is not an investment property. worse worse case sernario, you foreclose it could take 1 year or more to get your money back. why? you foreclose 90 days, however, being a primary residence a homeowner can play lots of games to postpone the auction, file bk, etc.  
dc

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**From:** Steve Bungler <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>

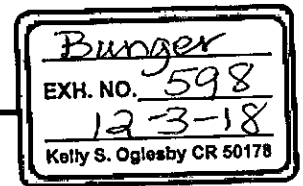
**Sent:** Wednesday, April 2, 2014 11:10 AM

**Subject:** Question

Hi Denny,

I am thinking about doing a hard money loan on a house. The borrower was going to use his personal home as collateral that he says he owns free and clear. I think he needs \$150,000. Would you do the loan? The address for the personal home is: 12602 w sunny side drive, el mirage, az

Thanks,  
Steve



Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 4/22/2014 9:42:09 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: \$'s

ok i'll let you konw how it goes next 24, 48 hours. thx  
dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, April 22, 2014 9:41 AM  
Subject: Re: \$'s

I could get you \$1m if you need it. \$500k would be shorter term and the rest could wait.

On Apr 22, 2014, at 9:35 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

I don't know really. Adam, whom you've met at the Mom's meeting is buying the Makatu's on Ray, he own's the entire strip mall behind it. he needs 1.2, i've got one of my longest borrowers needing 600k on a house next monday, plus just regular demand. so like i said if 2.2 comes in, i'll be a good position, if not, i'll turn these deals away. they are getting back ups just in case.

dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Tuesday, April 22, 2014 9:32 AM  
**Subject:** Re: \$'s

how much do you need

On Apr 22, 2014, at 9:27 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

how much spare change do you have and is it one day away?

i have a 2.2 million deal that's supposed to close (pay me off) every day, once it does, i'll be in a good position, but it keeps getting postponed.

might need a few dollars

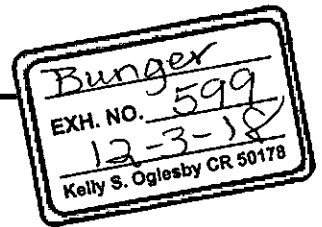
thx

dc

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Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/14/2014 12:51:56 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: 2510 E Cambell Ave, Phx, AZ 85016



i think it will sell at the price and sq ft

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dennychittick@cox.net>  
**Sent:** Wednesday, May 14, 2014 12:42 PM  
**Subject:** Re: 2510 E Cambell Ave, Phx, AZ 85016

that's good because that is a loan i have with clear funds and they are foreclosing on it. the actual sf is 2,003. my loan is for \$255. the borrower just listed it for \$329. hopefully he sells it before we complete the foreclosure process.

On May 14, 2014, at 12:28 PM, Denny Chittick <dennychittick@cox.net> wrote:

1793 sq ft , 299k, it's on campbell busier street. however, it looks as if there is an addition on it and could increase the sq ft 1000, with an A/C if it's done right, that would help increase the price by 50k.

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dennychittick@cox.net>  
**Sent:** Wednesday, May 14, 2014 12:14 PM  
**Subject:** 2510 E Cambell Ave, Phx, AZ 85016

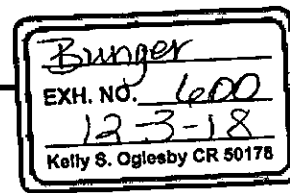
Hi Denny,

How much do you think this house is worth?

Thanks,  
Steve

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 8/11/2014 6:28:00 PM  
**To:** Steve Bunger [steve@bunger.me]  
**Subject:** Re: Valuation



what you might be under water on 14, you'll make up for on 18.  
don't do loans on busy streets, hard sell, not marketable properties.  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, August 11, 2014 6:19 PM  
**Subject:** Valuation

Hi Denny,

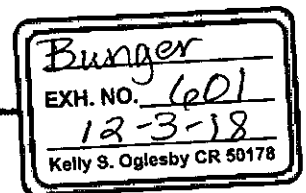
I have two loans for two houses. The addresses are 1718 and 1714 E Indian School Road, Phoenix, AZ 85015. What do you think the value of those houses are if they have been fixed up? My loan amounts are \$136,000 and \$125,000 respectively. Hopefully I am not underwater.

Any help or advice would be appreciated.

Thanks,  
Steve

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 8/15/2014 9:36:52 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Title  
Attachments: Title Report.pdf



it's attached

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, August 14, 2014 9:30 PM  
Subject: Re: Title

My moms address.

13205 South 34th Way  
Phoenix AZ 85044

Thanks,  
Steve

On Aug 14, 2014, at 7:56 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

if you need a title report, give me the address and i  
can run a courtesy one with one of the title co's. if you  
need any more than that i can send it to someone  
that can provide what you need.  
dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:**  
**Subject:** Re: Title

Should she get that from a title company? If so, do you have one would recommend?

Thanks,  
Steve

On Aug 14, 2014, at 7:50 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

a title report?  
or the deed that was recorded?

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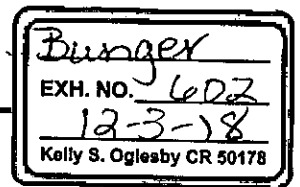
**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:**  
**Subject:** Title

Hi Denny,

My mom needs to get a copy of her title to her house for estate planning purposes.

What is the best way to do that?

Thanks,  
Steve



Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 9/18/2014 11:37:46 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Valuation

1714 is 1121 sq ft, a similar size home on a less busy street went for 131k, so this one is probaby fully retail worth 110k

1718 is 500 sq bigger, so it prob worth 135k

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, September 18, 2014 11:27 AM  
Subject: Re: Valuation

Hi Denny,

I know I sent this email to you before and you verbally said I would probably be ok on both of them as total. You mentioned that I might be underwater with one of them but the other one would make up for it.

They are getting ready to do the auction sale. What do you think each property is worth?

Thanks,  
Steve

On Aug 11, 2014, at 6:19 PM, Steve Bunger <steve@bunger.me> wrote:

> Hi Denny,

>

> I have two loans for two houses. The addresses are 1718 and 1714 E Indian School Road, Phoenix, AZ 85015. What do you think the value of those houses are if they have been fixed up? My loan amounts are \$136,000 and \$125,000 respectively. Hopefully I am not underwater.

>

> Any help or advice would be appreciated.

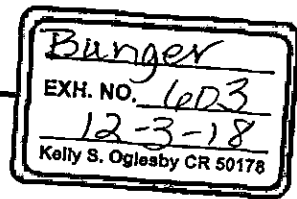
>

> Thanks,  
> Steve



Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 10/15/2014 9:35:28 AM  
To: Steve Bunger [steve@bunger.me]  
Subject: Re: Fwd: Foreclosure sales today on Indian School properties



are the remodeled?

if so, then you'll have better chance. it's always better to start low and if you can put a reserve on them. if you feel like you can't get what you want. it may pay to make them retail ready and market them on mls

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, October 15, 2014 9:31 AM  
Subject: Fwd: Foreclosure sales today on Indian School properties

Hi Denny,

We are in the process of selling the two houses we foreclosed on.

The loan on each home is as follows:

1714 E Indian School Road - \$125,000  
1718 E Indian School Road - \$136,000

We tried to sell them at action on Monday but could not sell them. We pulled the houses from the auction that day. We listed them at:

1714 E Indian School Road - \$132,000  
1718 E Indian School Road - \$150,000

We are going to re-auction the houses on Friday and Capstone thinks we should start the bidding at:

1714 E Indian School Road - \$115,000  
1718 E Indian School Road - \$129,000

What are your thoughts?

Thanks,  
Steve

Begin forwarded message:

**From:** Paul Attaway <pattaway@ecprivatelending.com>  
**Subject:** FW: Foreclosure sales today on Indian School properties  
**Date:** October 15, 2014 at 8:42:05 AM MST  
**To:** "[steve@bunger.me](mailto:steve@bunger.me)" <[steve@bunger.me](mailto:steve@bunger.me)>

Steve, my thoughts:

1714 W. Ind. School: Start bidding at \$115,000  
1718 W. Ind. School: Start bidding at \$129,000

Paul

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**From:** Paul Attaway  
**Sent:** Tuesday, October 14, 2014 2:01 PM  
**To:** '[steve@bunger.me](mailto:steve@bunger.me)'  
**Subject:** Foreclosure sales today on Indian School properties

Steve,

The following two properties went to sale today:

1714 W. Indian School and 1718 W. Indian School. I opened the bidding as follows:

1714 - \$132,000

1718 - \$150,000

There were no bidders so I pulled the properties before the gavel came down to keep us from getting the properties back. I postponed the sale to this Friday (10/17) at 11:00am.

You are owed the following Principal Balances:

1714 - \$125,400  
1718 - \$136,000

I will set new opening bids for this Friday. I'd like to talk to you before setting them.

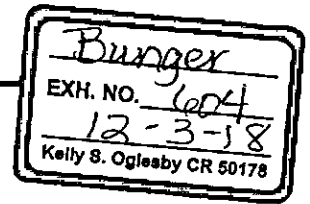
7

2

Paul  
C.602.321.1313

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 3/1/2016 8:07:21 AM  
To: Steve Bunger [sbunger@proboxstorage.com]  
Subject: Re: New Investors



I don't do commercial. it's such a different monster. it's much more il-liquid and not easily rent-able. i get a house back, i can sell it in a hour and rent it in a week.

that's my humble opinion, but i don't have much experience in it, so i can't speak to the positives or upsides.

LTV is key in any real estate lending, no matter what the asset is.

dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, March 1, 2016 9:04 AM  
Subject: Re: New Investors

Wouldn't you say they are more risky since the are lending to both residential and commercial projects with no credit checks. Commercial loans are far less liquid if the deal goes bad and hard to recapture invested capital.

Your thoughts

Thanks,

Steve

On Mar 1, 2016, at 8:52 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

I've not heard of them, there are a lot out there!

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**From:** Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Tuesday, March 1, 2016 8:45 AM  
**Subject:** Fwd: New Investors

Hi Denny,

My friend is thinking of doing hard money lending with a company called Loan Ranger Capital. Do you know anything about them and/or have any advice I can give her?

Thanks,  
Steve

Begin forwarded message:

**From:** Deborah Keeley <[dkeeley@ceaStudyAbroad.com](mailto:dkeeley@ceaStudyAbroad.com)>  
**Date:** February 29, 2016 at 1:54:01 PM MST  
**To:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**Subject:** New Investors

Hi Steve, if you could have your guy take a look at this opportunity to invest in Hard Money loans with Loan Ranger Capital, that would be great.

Thanks,  
Deborah

**From:** Zack Lofton [<mailto:zack@loanrangercapital.com>]  
**Sent:** Sunday, February 28, 2016 8:58 AM

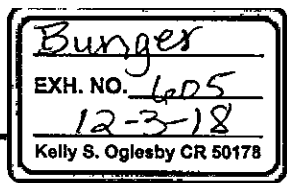
To: Deborah Keeley <dkeeley@ceaStudyAbroad.com>  
Subject: RE: New Investors

Hi

I hope you're having a great weekend. I've attached our new member documentation which can be used for either account including the following:

- Signature Page – This acknowledges that you have received the PPM, Servicing Agreement, and Operating Agreement
- Private Placement Memorandum
- Servicing Agreement – This highlights some general guideline for the investment and defines the relationship between you as an investor and myself as an operator. As an investor you own a pro rata share in "Loan Ranger Capital *Investments*, LLC" which owns and holds the loans. I own 100% of "Loan Ranger Capital, LLC" which originates, underwrites, and services all of the loans on the investors' behalf. No signature is needed on this.
- W-9
- Operating Agreement
- Rollover Letter – You have the choice to be paid your return monthly (either via ACH or a mailed physical check) or to have you returns rolled-over (or compounded monthly). If you choose to roll over your returns please fill this form out. If you elect to have your returns paid monthly, ignore the form and please give me your account information for an ACH or let me know if you'd like it mailed instead.

Thank you and let me know if you have any questions. I have an opening for new investor early this week so I can get both accounts started if we get the paperwork back soon. I'll send you over wiring instructions once I receive electronic signed copies.



Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 4/23/2014 10:55:08 PM  
**To:** Mo Sam Chittick [quelalively@yahoo.com]; Mike Gumbert [anthjen@yahoo.com]; Robert Hahn [hahnaz2@cox.net]; Terry Lee [ArizonaLil@comcast.net]; Terry Lee [terryleeAZ@comcast.net]; Jeff Phalen [jphalen00@aol.com]; Judy Gary Siegford [jgsiegford@yahoo.com]; Mark Wenig [mark.wenig@gmail.com]; Tom Deanna Smith [tpsmith99@me.com]; Marv Pat Miller [patsmiller21@gmail.com]; Jimmy Trainor [jimmy@flytrapproductions.com]; Kirk J Fischer [kirkjfischer@yahoo.com]; Herb Cohen [hcohen3@cox.net]; Van Butler [butlerv@yahoo.com]; Nihad Hafiz [nihad@yahoo.com]; Vince Muscat [vimuscat@gmail.com]; Tony Saundra Smith [Aztonysmith@aol.com]; Larry Minchuck [larryminchuck@hotmail.com]; Caro McDowell [kayell121@cs.com]; Bill Jean Locke [bjlocke64@yahoo.com]; Todd Einck [switchback62@hotmail.com]; Dale Hickman [hikthestik@aol.com]; Stewart Sherriff [stewart.sherriff@gmail.com]; Craig Hood [greeraz@gmail.com]; Smalerie Todd Paxton [valeriepaxton@gmail.com]; Tom Byrne [thomasbyrne11@gmail.com]; Ralph Hey [hey.ralph01@gmail.com]; Russ Dupper [rdupper@rhdupper.com]; Stan Ricks [stan@sundancecg.com]; Doris Howze [dhowze@cox.net]; Bill Swirtz [wjswirtz@me.com]; Craig Tomie Brown [trovita@gmail.com]; Bill & Judy Hughes [jbhok@yahoo.com]; Jim McArdle [JimM@ABDC-AZ.com]; Michael Zones [czj528@hotmail.com]; Les Jones [ljones@dakotacom.net]; Steven Bunger [steve@bunger.me]; Averill Cate Jr [acatejr@gmail.com]; Brian Dawn Imdieke [BJI@cox.net]; Paul Kent [paul\_a\_kent@yahoo.com]; James McCoy [jamccoy32@gmail.com]; Dave DuBay [davedubay@gmail.com]; Dave Preston [dave@prestoncpa.biz]; Jack Davis [jackdds@myway.com]; Mike Carol Wellman [mikewellman1@comcast.net]; Warren Bush [wbush1120@comcast.net]; Wayne Ledet [uafiyor767@gmail.com]; William Alber [wka@caribbeanpoolsaz.com]; Stan Grethen Erin Carrick [carricks3@ak.net]; Mike Scroggin [mscroggin@me.com]; Russ Griswold [rgriswold3@stny.rr.com]; Don Sterling [don-cindy@cablone.net]; Erin Carrick [epcarrick@gmail.com]  
**Subject:** Monthly and Quarterly payments

You have received or will receive either an email from BofA or your bank for the transfer that i'm setting up to deposit in your acct. you may also see .01 deposit hit your account. The reason for this is that all the info to which i have used for years to make your deposits were completely removed from my bank profile on BofA's web site.

Thus i'm having to re-enter all of these. I'm emailing you to warn you that as you can see from the quantity in the email header, there are a lot! I might have made a mistake and made a typo, which will delay your deposit. I know that you have received timely payments from me in all the time that you've been an investor, i don't want to break my streak! however, this was out of my control.

I've done everything i can to ensure that this does not happen. Please if you are due a payment this next week, 4/30, if you don't get an email or a deposit let me know.

You may ask what happened? This is rather a trying tale. Two

weeks ago i was unable to login to my account. I started calling my client manager and the 800's. all i got was i needed to call this other 800 in the risk department. once i spoke to them, i found out that BofA closed my account for "multiple high dollar consistent transactions to repeated like accounts". A red flag went off because i wire money to the same entities over and over again and they seem to wire me money over and over again. ie, wholesales, borrowers, and title co's. the bank decided to rescind 3 days worth of wires and suspend all my deposits and close my accounts.

When this happens, no one is to talk to me. no one at the branch, i tried, they asked me to leave the building. my client manager, she wouldn't talk to me or answer calls or emails. The Risk Manager Sandra, told me to write a letter, submit it via fax, and it would be reviewed within 48 hours and i would receive written notification as to the status of my accounts. Now you can imagine i now know many people at BofA on a first name basis! By 1pm, i had created such a stink that my client managers boss called me explaining that he was breaking all the rules by talking to me. i explained to him what i did , how i work , i had him call some borrowers, banks, escrow co's and with in 2 hours he understood everything agreed that the bank had made a mistake and they would reverse this whole process. However it would take minimum over night to do. i will save you the longer story of the chaos this created with some borrowers & title co's. it's suffice to say that because of my long standing reputation and relationships i was able to granted 24 hours to fix the issue. By the next morning, after many more repeated phone calls i was able to get access to my account (under a completly new login/acct, they had whipped me out of the system) and by 3pm i had everything fixed. i had multiple apologies from many of my new friends at BofA. i was told by two long term employees at BofA, that theyhad never seen anyone get their accounts back after they had been flagged like mine were. Let alone in 24 hours!



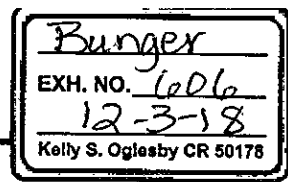
so last night i logged in to enter all your payments and those are whipped out. i made some calls and emails and found out there is no way to restore them, so i'm re-entering them. this is exceedingly time consuming and tedious.

Now you know my long story. please let me know if anything doesn't go as smoothly as you have come to expect.

thx

dc

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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 7/28/2014 1:18:40 PM  
**To:** Mo Sam Chittick [evchick57@yahoo.com]; Mo Sam Chittick [quelalively@yahoo.com]; Kirk Fischer [kirkjfischer@yahoo.com]; Judy Gary Siegford [jgsiegford@yahoo.com]; GE Siegford [gsiegford@msn.com]; Herb Cohen [hcohen3@cox.net]; Jeff Phalen [jphalen00@aol.com]; Jim Trainor [jimmy@flytrapproductions.com]; Mark Wenig [mark.wenig@gmail.com]; Mike Gumbert [anthjen@yahoo.com]; Marv Pat Miller [patsmiller21@gmail.com]; Robert Hahn [hahnaz2@cox.net]; Terry Lee [terryleeaz@comcast.net]; Thomas Smith [tpsmith99@me.com]; Steve Bunker [steve@bunker.me]; William K. Alber [wka@caribbeanpoolsaz.com]; Bill & Judy Hughes [jbhok@yahoo.com]; Wayne Ledet [uaflyor767@gmail.com]; Brian Dawn Imdieke [bjj@cox.net]; Dave DuBay [davedubay@gmail.com]; Don Sterling [don-cindy@cableone.net]; James McCoy [jamccoy32@gmail.com]; Mike Annette Scroggin [msscroggin@me.com]; Paul A. Kent [paul\_a\_kent@yahoo.com]; Russ Kim Griswold [rgriswold3@stny.rr.com]; Stan Schloz [smschloz@msn.com]; Kay McDowell [kayell121@cs.com]; Larry Minchuck [larryminchuck@hotmail.com]; Nihad Hafiz [nihad@yahoo.com]; Ralph Hey [hey.ralph01@gmail.com]; Van Butler [butlerv@yahoo.com]; Vince Muscat [vince.muscat@cox.net]; Tony Smith [aztonysmith@aol.com]; Averill Cate Jr [acatejr@gmail.com]; Bill Swirtz [wjswirtz@me.com]; Craig Brown [trovita@gmail.com]; Doris Nicholson-Howze [dhowze@cox.net]; Jim McArdle [jim@abdc-az.com]; Les Jones [ljones@dakotacom.net]; Michael Zones [czj528@hotmail.com]; Warren Bush [wbush1120@comcast.net]; Brian Imdieke [b-imdieke@cox.net]; Larry Minchuk [larryminchuk@hotmail.com]  
**Subject:** Re: This months payment - UPDATE

After another 3 hours, i think we have it all fixed. it should all happen on your side as if they never screwed up anything. i probably jumped the gun on emailing you, but i thought it should notify you as soon as i knew something was messed up.

if you see anything that exactly what you expect to see let me know.

thx  
dc

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602-532-7737 f

**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Mo Sam Chittick <evchick57@yahoo.com>; Mo Sam Chittick <quelalively@yahoo.com>; Kirk Fischer <kirkjfischer@yahoo.com>; Judy Gary Siegford <jgsiegford@yahoo.com>; GE Siegford <gsiegford@msn.com>; Herb Cohen <hcohen3@cox.net>; Jeff Phalen <jphalen00@aol.com>; Jim Trainor <jimmy@flytrapproductions.com>; Mark Wenig <mark.wenig@gmail.com>; Mike Gumbert <anthjen@yahoo.com>; Marv Pat Miller <patsmiller21@gmail.com>; Robert Hahn <hahnaz2@cox.net>; Terry Lee <terryleeaz@comcast.net>; Thomas Smith <tpsmith99@me.com>; Steve Bunker <steve@bunker.me>; William K. Alber <wka@caribbeanpoolsaz.com>; Bill & Judy Hughes <jbhok@yahoo.com>; Wayne Ledet <uaflyor767@gmail.com>; Brian Dawn Imdieke <bjj@cox.net>; Dave DuBay <davedubay@gmail.com>; Don Sterling <don-cindy@cableone.net>; James McCoy <jamccoy32@gmail.com>; Mike Annette Scroggin

<mscroggin@me.com>; Paul A. Kent <paul\_a\_kent@yahoo.com>; Russ Kim Griswold <rgriswold3@stny.rr.com>; Stan Schioz <smschloz@msn.com>; Kay McDowell <kayell121@cs.com>; Larry Minchuck <larryminchuck@hotmail.com>; Nihad Hafiz <nihad@yahoo.com>; Ralph Hey <hey.ralph01@gmail.com>; Van Butler <butlerv@yahoo.com>; Vince Muscat <vince.muscat@cox.net>; Tony Smith <aztonysmith@aol.com>; Averill Cate Jr <acatejr@gmail.com>; Bill Swirtz <wjswirtz@me.com>; Craig Brown <trovita@gmail.com>; Doris Nicholson-Howze <dhowze@cox.net>; Jim McArdle <jimm@abdc-az.com>; Les Jones <ljones@dakotacom.net>; Michael Zones <czj528@hotmail.com>; Warren Bush <wbush1120@comcast.net>

Sent: Monday, July 28, 2014 10:28 AM

Subject: This months payment

Bank of America is at it again! I set up your payments last weekend. Today is the day that they are supposed to go out of my acct so they hit your acct on Thursday. They didn't leave my acct this morning. i've spent the last 2 1/2 hours talking to many people on why they didn't go out. No one can tell me. The payments are all sitting there everyone can see them "scheduled" but they didn't go. Their final suggestion was to re-enter them all, and they should go out. Though they couldn't tell me for sure when they would hit your account, and there is a good chance they will double pay. Because now with the status they are in the cxl button is gone and they can't cancel them either.

What you may see in your acct :

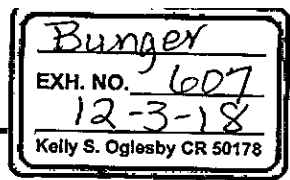
1. a payment as normal on thursday
2. no payment on thursday
3. a payment on thursday and friday
4. a payment on friday.

No one at BofA (yes i ran it up tall flagpole) can tell me which of these are going to happen. if they double pay, they will reverse it and return the funds to me with in 48 hours. I apologize for the nonsense, but i've done everything i could to make this happen as normal.

thx for the understanding.

dc

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



Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 11/25/2014 7:59:11 AM  
**To:** Mo Sam Chittick [evchick57@yahoo.com]; Mo Sam Chittick [quelalively@yahoo.com]; Mike Diana Gumbert [anthjen@yahoo.com]; Robert Liz Hahn [hahnaz2@cox.net]; Jeff Phalen [jphalen00@aol.com]; Judy Siegford [jgsiegford@yahoo.com]; Mark Wenig [mark.wenig@gmail.com]; Bill Jean Locke [bjlocke64@yahoo.com]; Terry Lil Lee [terryleeaz@comcast.net]; Pat Miller [patsmiller21@gmail.com]; Tommy D Smith [tpsmith99@me.com]; Jimmy Tranlor [jimmy@flytrapproductions.com]; Todd Einck [switchback62@hotmail.com]; GE Siegford [gsiegford@msn.com]; Kirk Fischer [kirkfischer@yahoo.com]; Herb Eileen G. Cohen [hcohen3@cox.net]; Van Butler [butlerv@yahoo.com]; Nihad Hafiz [nihad@yahoo.com]; Vince Muscat [vince.muscat@cox.net]; Tony Smith [aztonysmith@aol.com]; Caro McDowell [kayell121@cs.com]; Dale Kathy Hickman [hikthestik@aol.com]; Stewart Sherriff [stewart.sherriff@gmail.com]; Smalerie Todd J Paxton [valeriepaxton@gmail.com]; Tom Byrne [thomasbyrne11@gmail.com]; Ralph Hey [hey.ralph01@gmail.com]; Russ Patti Dupper [rdupper@rhdupper.com]; Erin Carrick [epcarrick@gmail.com]; Stan Grethen Erin Carrick [carricks3@ak.net]; Pete Kay Rzonca [peter.rzonca@avnet.com]; Doris Howze [dhowze@cox.net]; Bill Swirtz [wjswirtz@me.com]; Craig Brown [trovita@gmail.com]; Bill & Judy Hughes [jbhok@yahoo.com]; Jim McArdle [jimm@abdc-az.com]; Michael Zones [czj528@hotmail.com]; Les Jones [ljones@dakotacom.net]; Steve Bunger [steve@bunger.me]; Averill Cate Jr [acatejr@gmail.com]; Averill Cate Jr [mackattack77\_77@yahoo.com]; Brian Imdieke [bjj@cox.net]; Paul Kent [paul\_a\_kent@yahoo.com]; James Lesley McCoy [jamccoy32@gmail.com]; Dave DuBay [davedubay@gmail.com]; Jack Davis [jackdds@myway.com]; David Preston [dave@prestoncpa.biz]; Mike Carol Wellman [mrsbeasley68@verizon.net]; Warren Bush [wbush1120@comcast.net]; William K. Alber [wka@caribbeanpoolsaz.com]; Stan Schloz [smschloz@msn.com]; Mike Annette Scroggin [mscroggin@me.com]; Russ Kim Griswold [rgriswold3@stny.rr.com]; Don Sterling [don-cindy@cableone.net]  
**Subject:** payments to your account

I have changed banks, from BofA to First Bank. I have made this transition mid month. I've loaded all your payment info into First Banks system. I've done four checks to make sure that they are correct. however, plz while you are busting down the door at Wal-mart at 5 am on Friday, check your acct and let me know if you DID NOT receive your expected deposit. If you are expecting a payment on the quarter, you of course won't see it until next month.

First Bank doesn't email the recipient either, so you see that like you did with BofA. however, i've

spoken to their tech dept and hope to add that feature soon.

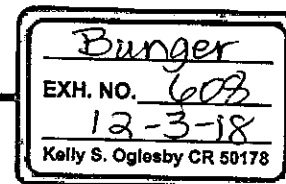
have a great thanksgiving!

thx

dc

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602-532-7737 f

Beauchamp, David G.



**From:** Beauchamp, David G.  
**Sent:** Thursday, August 04, 2016 4:44 PM  
**To:** Steve Bunker  
**Subject:** RE: Email to Investors of Densco Investment Corporation ("DenSco")

Steve:

Thank you for your email and suggesting Brian for the Advisory Board. It seems that a couple of people believe that Brian would be a good person on the Advisory Board.

Best regards, David

David G. Beauchamp

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**From:** Steve Bunker [mailto:sbunker@proboxstorage.com]  
**Sent:** Thursday, August 04, 2016 1:47 PM  
**To:** Beauchamp, David G.  
**Cc:** Brian Imdieke  
**Subject:** Re: Email to Investors of Densco Investment Corporation ("DenSco")

Hi David,

I currently have nearly \$3M invested with Densco between two different entities (Steven G & Mary E Bunker Estate LLC and Desert Classic Investments, LLC). I live in the same neighborhood that Denny lived in and also know Brian Imdieke who is also a large investor. I really don't have the time to be on the committee but would love it if Brian could because we are two large investors and our interests are closely aligned.

Thanks,  
Steve  
602-531-3100

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**From:** "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)>  
**Date:** Wednesday, August 3, 2016 at 11:34 PM  
**To:** "[acatejr@gmail.com](mailto:acatejr@gmail.com)" <[acatejr@gmail.com](mailto:acatejr@gmail.com)>, "[amydirks@hotmail.com](mailto:amydirks@hotmail.com)" <[amydirks@hotmail.com](mailto:amydirks@hotmail.com)>, "[anthjen@yahoo.com](mailto:anthjen@yahoo.com)" <[anthjen@yahoo.com](mailto:anthjen@yahoo.com)>, "[artnina@hotmail.com](mailto:artnina@hotmail.com)" <[artnina@hotmail.com](mailto:artnina@hotmail.com)>, "[Aztonysmith@aol.com](mailto:Aztonysmith@aol.com)" <[Aztonysmith@aol.com](mailto:Aztonysmith@aol.com)>, "[barryluchtel@gmail.com](mailto:barryluchtel@gmail.com)" <[barryluchtel@gmail.com](mailto:barryluchtel@gmail.com)>, "[bdirks5@cox.net](mailto:bdirks5@cox.net)" <[bdirks5@cox.net](mailto:bdirks5@cox.net)>, Brian Imdieke <[BJI@cox.net](mailto:BJI@cox.net)>, "[bjlocke64@yahoo.com](mailto:bjlocke64@yahoo.com)" <[bjlocke64@yahoo.com](mailto:bjlocke64@yahoo.com)>, "[bjodenthal@frontier.com](mailto:bjodenthal@frontier.com)" <[bjodenthal@frontier.com](mailto:bjodenthal@frontier.com)>, "[brian.wenig@honeywell.com](mailto:brian.wenig@honeywell.com)" <[brian.wenig@honeywell.com](mailto:brian.wenig@honeywell.com)>, "[burdett.anthony@gmail.com](mailto:burdett.anthony@gmail.com)" <[burdett.anthony@gmail.com](mailto:burdett.anthony@gmail.com)>, "[butlerv@yahoo.com](mailto:butlerv@yahoo.com)" <[butlerv@yahoo.com](mailto:butlerv@yahoo.com)>, "[carricks3@ak.net](mailto:carricks3@ak.net)" <[carricks3@ak.net](mailto:carricks3@ak.net)>, "[czi528@hotmail.com](mailto:czi528@hotmail.com)" <[czi528@hotmail.com](mailto:czi528@hotmail.com)>, "[dariosdad@gmail.com](mailto:dariosdad@gmail.com)" <[dariosdad@gmail.com](mailto:dariosdad@gmail.com)>, "[dave@prestoncpa.biz](mailto:dave@prestoncpa.biz)" <[dave@prestoncpa.biz](mailto:dave@prestoncpa.biz)>, "[davedubay@gmail.com](mailto:davedubay@gmail.com)" <[davedubay@gmail.com](mailto:davedubay@gmail.com)>, "[dhowze@cox.net](mailto:dhowze@cox.net)" <[dhowze@cox.net](mailto:dhowze@cox.net)>, "[don-cindy@cableone.net](mailto:don-cindy@cableone.net)" <[don-cindy@cableone.net](mailto:don-cindy@cableone.net)>, "[Doriann@cox.net](mailto:Doriann@cox.net)" <[Doriann@cox.net](mailto:Doriann@cox.net)>, "[eileencohen@me.com](mailto:eileencohen@me.com)" <[eileencohen@me.com](mailto:eileencohen@me.com)>, "[epcarrick@gmail.com](mailto:epcarrick@gmail.com)" <[epcarrick@gmail.com](mailto:epcarrick@gmail.com)>, "[glenpdavis@gmail.com](mailto:glenpdavis@gmail.com)" <[glenpdavis@gmail.com](mailto:glenpdavis@gmail.com)>, "[greeraz@gmail.com](mailto:greeraz@gmail.com)" <[greeraz@gmail.com](mailto:greeraz@gmail.com)>, "[gsiegford@msn.com](mailto:gsiegford@msn.com)" <[gsiegford@msn.com](mailto:gsiegford@msn.com)>

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Subject: Email to Investors of DenSCO Investment Corporation ("DenSCO")

Dear DenSCO Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. The intent was to discuss what information we collectively had available concerning DenSCO and its outstanding loans and to determine the best procedure to close down DenSCO's business and to return the capital contributed by DenSCO's Investors. Each of us had already talked to a few people in the real estate investment business to discuss how we could obtain a preliminary analysis of DenSCO's current loans. Specifically, we wanted to determine what information might be in DenSCO's available files and records to indicate the likelihood of being able to collect the monies due DenSCO so we could proceed with the wind-down of DenSCO and the payments to the Investors..

Shawna was able to find someone familiar with certain aspects of the real estate investment business to do a very brief and superficial review of the loans to DenSCO's borrowers which paperwork was in DenSCO's files. This preliminary review will simply be to determine if DenSCO's records indicate which of DenSCO's loans seem to be fully secured and if DenSCO's records show timely payment of the past payments so that we can consider these to be "Good Loans." We also will try to identify the date due as specified in the respective promissory note for each of these Good Loans to have an indication when each such loan is to be paid off. This money will add to DenSCO's money that is anticipated to be returned to the Investors at the end of the wind-down process. We have also requested help to identify the "Troubled Loans," by reviewing the loan files and DenSCO's payment records to determine which loans are either unsecured, or the respective borrower is not current with its payments of interest or the principal, or if Denny's records indicate that these loans are owed by an entity currently in bankruptcy or are guaranteed by someone who is in personal



bankruptcy. Unfortunately, there are also claims that DenSco has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. We believe that this preliminary review of the Good Loans will be done by Friday of this week and we will share that information with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to Investors and any unpaid and accrued interest that is owed.

As part of the plan moving forward, we have filed the Will of Denny J. Chittick ("Denny's Will") and the necessary filings with the Probate Court to have Shawna designated as the Personal Representative of Denny's Estate, which is what Denny's Will provides. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to recover proceeds owed to DenSco and to return the recovered proceeds to the Investors. The probate filing is necessary so that Shawna could have the necessary authority to control DenSco and to have the authority to make decisions on behalf of DenSco, with the input of Investors as we propose below. However, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, and such Receiver will be responsible to come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

This problem with DenSco's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. If whoever is in charge of DenSco does not work with the Investors, then DenSco will either be put into bankruptcy or have a Receiver appointed, which will incur costs on behalf of the Investors and DenSco that will significantly reduce what will be available to return to the Investors. For example, one of the recent reports concerning liquidation of companies owing money to investors indicated that the costs associated with a bankruptcy or a Receiver can reduce the amount to be paid to investors by almost half or even a much more significant reduction. Since many of the Troubled Loans stopped paying interest last October, DenSco has suffered a severe cash-flow problem. To resolve this cash-flow problem, Denny has taken every step available to him to try to enable DenSco to meet its obligations to Investors until he could find another solution to avoid significant losses to DenSco's Investors. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

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

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

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

In order to maximize the available return to all of the Investors, which is what Denny urged us to do in his last instructions, we would like to keep DenSco out of a protracted bankruptcy or a contentious Receivership proceeding. As indicated above, various studies have shown that the third party costs and legal and other professional fees and costs and the inherent delays in bankruptcy and / or Receivership proceedings can consume more than 35% of the available money that should or would otherwise be available to be returned to Investors. As we proceed, it may be necessary to have the final distribution and allocation to Investors approved by a court to satisfy any fiduciary duties for some investors and that can be accommodated by a judicial review and approval of a settlement plan without a full bankruptcy proceeding. Again, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, which Receiver will come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

If we are going to proceed informally to keep costs down, we understand that we need to communicate with you on a regular basis and we need to be able to receive communication from you as the Investors. To have good and open communication, we would like to create an "Advisory Board" of 5 Investors to meet with and to advise DenSco with respect to the information obtained and how that information can best be used to cost-effectively help DenSco to recover funds that are owed to DenSco. We intend to structure this as an Advisory Board to protect the members of this Advisory Board from any potential liability based upon their role with DenSco. Specifically, the Advisory Board would only have an advisory position with DenSco as opposed to a full authority position, which is to distinguish this situation from having these Investors appointed to the Board of Directors. If you would be interested in participating on this Advisory Board, please let me know by return email and confirm that you would have the availability and willingness to participate in the necessary meetings (in person or by phone). Ideally, we would like to have a "cross-section of Investors" on this Advisory Board to help DenSco evaluate the information as it becomes available and to assist analyzing various decisions and the effect that such decisions would have on the Investors.

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

Sincerely, David

**David G. Beauchamp**

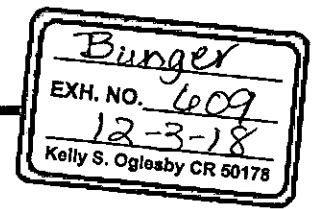
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Beauchamp, David G.



**From:** jphalen00@aol.com  
**Sent:** Saturday, August 06, 2016 7:54 PM  
**To:** Beauchamp, David G.; acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kennehl@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul\_a\_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.r.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thomasbyrne11@gmail.com; thompsc2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com  
**Subject:** Re: Additional DenSco Information

David,  
Thank you for your quick work on this. I am sure the details will surface in your investigations. I would like to add that if the \$28,178,600 have Promissory Notes and Deeds of Trust in a file, there could be a fraudulent situation with a Title Company involved with AZ Home Foreclosures LLC in which case there could be Title Insurance to protect us investors. Something worth looking at if you haven't considered it already.....

Regards,  
Jeff Phalen

-----Original Message-----

**From:** Beauchamp, David G. <DBeauchamp@ClarkHill.com>  
**To:** acatejr <acatejr@gmail.com>; amydirks <amydirks@hotmail.com>; anthjen <anthjen@yahoo.com>; artnina <artnina@hotmail.com>; Aztonysmith <Aztonysmith@aol.com>; aztonysmith <aztonysmith@gmail.com>; barryluchtel <barryluchtel@gmail.com>; bdirks5 <bdirks5@cox.net>; bji <bji@cox.net>; bjlocke64 <bjlocke64@yahoo.com>; bjodenthal <bjodenthal@frontier.com>; brian.wenig <brian.wenig@honeywell.com>; burdett.anthony <burdett.anthony@gmail.com>; butlerv <butlerv@yahoo.com>; carricks3 <carricks3@ak.net>; czj528 <czj528@hotmail.com>; dariosdad <dariosdad@gmail.com>; dave <dave@prestoncpa.biz>; davedubay <davedubay@gmail.com>; dhowze <dhowze@cox.net>; don-cindy <don-cindy@cableone.net>; Doriann <Doriann@cox.net>; eileencohen <eileencohen@me.com>; epcarrick <epcarrick@gmail.com>; glenpdavis <glenpdavis@gmail.com>; greeraz <greeraz@gmail.com>; gsiegford <gsiegford@msn.com>; hahnaz2 <hahnaz2@cox.net>; hey.ralph01 <hey.ralph01@gmail.com>; hikthestik <hikthestik@aol.com>; jackdds

<jackdds@myway.com>; jamccoy32 <jamccoy32@gmail.com>; jbhok <jbhok@yahoo.com>; jemmakopel <jemmakopel@hotmail.com>; jgsiegford <jgsiegford@yahoo.com>; jimmy <jimmy@flytrapproductions.com>; jimpatmc44 <jimpatmc44@gmail.com>; jkjetto <jkjetto@yahoo.com>; Jphalen00 <Jphalen00@aol.com>; jwalker113 <jwalker113@cox.net>; kayell121 <kayell121@cs.com>; kaylene.moss <kaylene.moss@avnet.com>; kennenl <kennenl@yahoo.com>; landonluchtel <landonluchtel@gmail.com>; lanka2000 <lanka2000@yahoo.com>; Laurieweiskopf <Laurieweiskopf@gmail.com>; lkopel22 <lkopel22@hotmail.com>; mark.wenig <mark.wenig@gmail.com>; mbencekent <mbencekent@yahoo.com>; mlminvestor <mlminvestor@gmail.com>; mrsbeasley68 <mrsbeasley68@verizon.net>; mscroggin <mscroggin@me.com>; nihad <nihad@yahoo.com>; nswirtz <nswirtz@me.com>; patsmiller21 <patsmiller21@gmail.com>; Paul\_a\_kent <Paul\_a\_kent@yahoo.com>; pearces <pearces@mailhaven.com>; Peter.Rzonca <Peter.Rzonca@Avnet.com>; pldupper <pldupper@gmail.com>; quelalively <quelalively@yahoo.com>; ralph <ralph@kaisertile.net>; rbrinkman <rbrinkman@yahoo.com>; rgriswold3 <rgriswold3@stny.rr.com>; robertflawson <robertflawson@gmail.com>; rzkoehler <rzkoehler@yahoo.com>; sdetota <sdetota@yahoo.com>; sdetota99 <sdetota99@yahoo.com>; sdtuttle <sdtuttle@gmail.com>; smschloz <smschloz@msn.com>; steve <steve@bunger.me>; stewart.sherriff <stewart.sherriff@gmail.com>; swltchback62 <switchback62@hotmail.com>; terryleeAZ <terryleeAZ@comcast.net>; thomasbyrne11 <thomasbyrne11@gmail.com>; thompsc2 <thompsc2@cox.net>; trovita <trovita@gmail.com>; uaflyor767 <uaflyor767@gmail.com>; valeriepaxton <valeriepaxton@gmail.com>; vimuscat <vimuscat@gmail.com>; wadeunderwood <wadeunderwood@hotmail.com>; wbush1120 <wbush1120@comcast.net>; wjswirtz <wjswirtz@me.com>; wka <wka@caribbeanpoolsaz.com>; yusuf <yusuf@comsiscomputer.com>

Sent: Fri, Aug 5, 2016 8:29 pm

Subject: Additional DenSco Information

#### DenSco Investors:

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

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

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

There are approximately 138 loans listed in the DenSco portfolio.

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

An additional 5 of these 138 loans appear to be first position deeds of trust which will require collection via

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

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

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

**Summary:**

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

---

\$51,032,675.00

*Last stated investor balance per Denny's spreadsheet as of June 2016*

\$51,184,005.27

As noted above and in my previous email to each of you, Scott Menaged is in personal bankruptcy and he claimed in his bankruptcy filing that he does not have any assets. According to third parties involved in Scott's bankruptcy, we have obtained the following information that we believe to be reliable. Scott filed his personal bankruptcy in April 2016 (proper, which means without legal counsel) and he failed to provide the necessary schedules of creditors and notices to the creditors as the bankruptcy law requires. The US Trustee appointed for this bankruptcy case, Jill H. Ford, took action to require that Scott's bankruptcy estate retain legal counsel and comply with the bankruptcy requirements. The bankruptcy estate has now retained Cody Jess of Schian Walker, PLC as Debtor's legal counsel. Cody Jess informed me that he was retained in early July and that the notice to DenSco was mailed either late last Monday / early Tuesday, so Denny likely received the notice on Wednesday, which was Denny's first notice of the bankruptcy filing. Supposedly, Denny talked to Scott on Wednesday and Scott confirmed the information in the notice. Unfortunately, that probably led to Denny taking his life the next day on Thursday.

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

Based upon all of the new information set forth above, please understand that we now believe that a different strategy might be more effective with respect to the collection of the money owed to DenSco, the liquidation of DenSco and the

return of funds to DenSco's Investors. That is why we have reached out to the State of Arizona to determine if the Securities Division can lend assistance in the collection of the money owed to DenSco.

We will keep you informed as we obtain more information.

Sincerely, David  
**David G. Beauchamp**

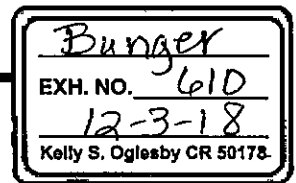
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Beauchamp, David G.



**From:** Craig Hood <greeraz@gmail.com>  
**Sent:** Tuesday, August 09, 2016 11:42 AM  
**To:** Thomas Byrne  
**Cc:** Beauchamp, David G.; Craig Brown; acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; baryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayeli121@cs.com; kaylene.moss@avnet.com; kennenl@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul\_a\_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompscog2@cox.net; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com  
**Subject:** Re: Additional DenSco Information

Here is the other link for the Active Funding Group...

[http://www.activefundinggroup.com/AZ/content/view/9/Contact\\_Us.html](http://www.activefundinggroup.com/AZ/content/view/9/Contact_Us.html)

On Tue, Aug 9, 2016 at 11:30 AM, Craig Hood <greeraz@gmail.com> wrote:  
I also found another website for Scott Menaged. Looks like all four guys from "Property Wars" are listed on this web page. The mobil site front page is a little different but this is where I found their names tied to it. It also mentions EZ Homes/ BuyAZForeclosures.com

See link elow....

<http://www.activefundinggroup.com/arizona/current-financing-programs.html>

Craig

On Tue, Aug 9, 2016 at 7:36 AM, Thomas Byrne <thomasbyrne11@gmail.com> wrote:

David,

So just so it is clear - who in addition to you do we anticipate having at this meeting? Would seem to me that it would be at least prudent to have one or two other people, even if it was just another pair of ears tasked to listen so we can capture and debrief re the situation.

Tom

On Mon, Aug 8, 2016 at 7:14 PM, Beauchamp, David G. <[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)> wrote:

Craig:

The Securities Division has made it clear that they would like to have a Receiver appointed with its own legal counsel and they will handle all of the communication with the Investors going forward.

With respect to your question concerning the Wednesday meeting, the Director of Enforcement had someone from her office relay a message to me that they do not want any Investors (or attorneys for investors) at the Wednesday meeting. They seem to have a very specific agenda and they want as few people there as possible so that they can keep to their agenda. Since they have declined to share their agenda prior to the meeting, I am not exactly sure what all is to be covered.

Best regards, David

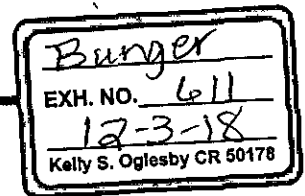
David G. Beauchamp

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Beauchamp, David G.



**From:** Glen Davis <glenpdavis@gmail.com>  
**Sent:** Thursday, August 11, 2016 4:38 PM  
**To:** Kennen Burkhardt  
**Cc:** Steve Bunger; Craig Brown; Stan Schloz; Thomas Byrne; Beauchamp, David G.; acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlinvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul\_a\_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompscg2@cox.net; uafiyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

**Subject:** Re: Additional DenSco Information

FYI All. I received a few calls today from group members wondering if they should send their information out to the investigator, Bill Woerner, and how it was that I spoke with him.

Having seen his phone number in an email message, I called and left him voicemail yesterday morning. He returned my call this morning.

He said that he has "spoken to handful of investors already. "

I know that there's a lot of paperwork and information that he's going through, but I also know that many of you have questions and potentially information that will help him help us.

So you all have it, here's his email address:

[wwoerner@azcc.gov](mailto:wwoerner@azcc.gov)

Regards,  
Glen Davis  
602.692.5862

(Sent on the run. Please excuse spelling and dictation errors.)

On Aug 11, 2016, at 9:38 AM, Glen Davis <[glenpdavis@gmail.com](mailto:glenpdavis@gmail.com)> wrote:

I just received a call and had a short telephone interview with Bill Woernrer of the Securities Enforcement Division. I am confident that he is looking into all the right aspects of this case. He asked for all documentation I have related to our investments. If you've not yet been asked for this, you should expect to be asked.

He did not comment on anything such as timeframes or anything else that might be normal questions right now. He asked for my recollection of details of things over time. and had some specific questions related to my investment.

I found him to be thoughtful and caring and fully appreciative of the impact this situation has on all of us.

Best Regards,

Glen Davis  
602.692.5862

[LinkedIn](#)

On Thu, Aug 11, 2016 at 7:09 AM, Kennen Burkhardt <[kennen1@yahoo.com](mailto:kennen1@yahoo.com)> wrote:

I have a meeting with my tax guy tomorrow at 10:00 am pacific. I'll be more than happy to share the details. Keep in mind however that I live in CA so there may be nuances from a state perspective and your financial situation is of course different than mine.

---

**From:** Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
**To:** Craig Brown <[trovita@gmail.com](mailto:trovita@gmail.com)>  
**Cc:** Stan Schloz <[SMSCHLOZ@msn.com](mailto:SMSCHLOZ@msn.com)>; Thomas Byrne <[thomasbyrne11@gmail.com](mailto:thomasbyrne11@gmail.com)>; "Beauchamp, David G." <[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)>; "acatejr@gmail.com" <[acatejr@gmail.com](mailto:acatejr@gmail.com)>; "amydirks@hotmail.com" <[amydirks@hotmail.com](mailto:amydirks@hotmail.com)>; "anthjen@yahoo.com" <[anthjen@yahoo.com](mailto:anthjen@yahoo.com)>; "artnina@hotmail.com" <[artnina@hotmail.com](mailto:artnina@hotmail.com)>; "Aztonysmith@aol.com" <[Aztonysmith@aol.com](mailto:Aztonysmith@aol.com)>; "aztonysmith@gmail.com" <[aztonysmith@gmail.com](mailto:aztonysmith@gmail.com)>; "barryluchtel@gmail.com" <[barryluchtel@gmail.com](mailto:barryluchtel@gmail.com)>; "bdirks5@cox.net" <[bdirks5@cox.net](mailto:bdirks5@cox.net)>; "bjl@cox.net" <[bjl@cox.net](mailto:bjl@cox.net)>; "billocke64@yahoo.com" <[billocke64@yahoo.com](mailto:billocke64@yahoo.com)>; "biodenthal@frontier.com" <[biodenthal@frontier.com](mailto:biodenthal@frontier.com)>; "brian.wenig@honeywell.com" <[brian.wenig@honeywell.com](mailto:brian.wenig@honeywell.com)>; "burdett.anthony@gmail.com" <[burdett.anthony@gmail.com](mailto:burdett.anthony@gmail.com)>; "butlerv@yahoo.com" <[butlerv@yahoo.com](mailto:butlerv@yahoo.com)>; "carricks3@ak.net" <[carricks3@ak.net](mailto:carricks3@ak.net)>; "czi528@hotmail.com" <[czi528@hotmail.com](mailto:czi528@hotmail.com)>; "dariosdad@gmail.com" <[dariosdad@gmail.com](mailto:dariosdad@gmail.com)>; "dave@prestoncpa.biz" <[dave@prestoncpa.biz](mailto:dave@prestoncpa.biz)>; "davedubay@gmail.com" <[davedubay@gmail.com](mailto:davedubay@gmail.com)>; "dhowze@cox.net" <[dhowze@cox.net](mailto:dhowze@cox.net)>; "don.cindy@cableone.net" <[don.cindy@cableone.net](mailto:don.cindy@cableone.net)>; "Dorjann@cox.net" <[Dorjann@cox.net](mailto:Dorjann@cox.net)>; "eileencohen@me.com" <[eileencohen@me.com](mailto:eileencohen@me.com)>; "epcarrick@gmail.com" <[epcarrick@gmail.com](mailto:epcarrick@gmail.com)>; "glenpdavis@gmail.com" <[glenpdavis@gmail.com](mailto:glenpdavis@gmail.com)>; "greeraz@gmail.com" <[greeraz@gmail.com](mailto:greeraz@gmail.com)>; "gsiegford@msn.com" <[gsiegford@msn.com](mailto:gsiegford@msn.com)>; "hahnaz2@cox.net" <[hahnaz2@cox.net](mailto:hahnaz2@cox.net)>; "hey.ralph01@gmail.com" <[hey.ralph01@gmail.com](mailto:hey.ralph01@gmail.com)>; "hikthestik@aol.com" <[hikthestik@aol.com](mailto:hikthestik@aol.com)>; "jackdds@myway.com" <[jackdds@myway.com](mailto:jackdds@myway.com)>; "jamccoy32@gmail.com" <[jamccoy32@gmail.com](mailto:jamccoy32@gmail.com)>; "jbhok@yahoo.com" <[jbhok@yahoo.com](mailto:jbhok@yahoo.com)>; "jemmakopel@hotmail.com" <[jemmakopel@hotmail.com](mailto:jemmakopel@hotmail.com)>; "jgsiegford@yahoo.com" <[jgsiegford@yahoo.com](mailto:jgsiegford@yahoo.com)>;

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Sent: Wednesday, August 10, 2016 5:13 PM

Subject: Re: Additional DenSco Information

Hi Craig,

That is great question. If I can write most of it off in 2015 or earlier, I can then amend those tax returns and any tax return three years prior to that (tax loss carry back), and get refunds from the government in years I had applicable taxable income.

That would make something terrible a little bit better.

Thanks,  
Steve

On Aug 10, 2016, at 6:44 PM, Craig Brown <trovita@gmail.com> wrote:

one more item

<https://www.irs.gov/taxtopics/tc515.html>

On Wed, Aug 10, 2016 at 4:38 PM, Craig Brown <trovita@gmail.com> wrote:

Per Topic 515 IRS code

**Theft Losses** - A theft is the taking and removal of money or property with the intent to deprive the owner of it. The taking must be illegal under the law of the state where it occurred and must have been done with criminal intent

On Wed, Aug 10, 2016 at 4:36 PM, Craig Brown <[trovita@gmail.com](mailto:trovita@gmail.com)> wrote:  
David,

I am Interested in hear how the meeting went..

Just a big question for you out there looking at 2016..

Topic 515 in the IRS code calls for the ability to write off thefts up to your full income level if fraudulent in nature.....in the year it occurred. Would any losses here be eligible for submitting on this years taxes this under this code IF IT S DEEMED UNRECOVERABLE BY THE SECURITY DIVISION BY YEAR END?

craig brown

On Wed, Aug 10, 2016 at 9:12 AM, Stan Schloz <[SMSCHLOZ@msn.com](mailto:SMSCHLOZ@msn.com)> wrote:

I totally agree with Mr. Byrne's analysis. It seems to me we need to come to a group decision on the options Thomas outlined ASAP. In that process I hope Densco, the family and the investors can come together with a common strategy with David as the attorney. Big order! I have little hope of having any funds available other than the good funds identified to date. I would support any of the Byrne options. My goal is get what we can as soon as we can. David, would appreciate you taking the lead on this. Appreciate your effort and responsiveness.

Stan Schloz

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From: Thomas Byrne <[thomasbyrne11@gmail.com](mailto:thomasbyrne11@gmail.com)>

Sent: Wednesday, August 10, 2016 7:59 AM

To: Beauchamp, David G.

Cc: [acatejr@gmail.com](mailto:acatejr@gmail.com); [amydirks@hotmail.com](mailto:amydirks@hotmail.com); [anthjen@yahoo.com](mailto:anthjen@yahoo.com); [artnina@hotmail.com](mailto:artnina@hotmail.com); [Aztonysmith@aol.com](mailto:Aztonysmith@aol.com); [aztonysmith@gmail.com](mailto:aztonysmith@gmail.com); [barrvluchtel@gmail.com](mailto:barrvluchtel@gmail.com); [bdirks5@cox.net](mailto:bdirks5@cox.net); [bjl@cox.net](mailto:bjl@cox.net); [bilocke64@yahoo.com](mailto:bilocke64@yahoo.com); [bjodenthal@frontier.com](mailto:bjodenthal@frontier.com); [brian.wenig@honeywell.com](mailto:brian.wenig@honeywell.com); [burdett.anthony@gmail.com](mailto:burdett.anthony@gmail.com); [butlerv@yahoo.com](mailto:butlerv@yahoo.com); [carricks3@ak.net](mailto:carricks3@ak.net); [czi528@hotmail.com](mailto:czi528@hotmail.com); [dariosdad@gmail.com](mailto:dariosdad@gmail.com); [dave@prestoncpa.biz](mailto:dave@prestoncpa.biz); [davedubay@gmail.com](mailto:davedubay@gmail.com); [dhowze@cox.net](mailto:dhowze@cox.net); [dqn-cindy@cableone.net](mailto:dqn-cindy@cableone.net); [Doriann@cox.net](mailto:Doriann@cox.net); [eileencohen@me.com](mailto:eileencohen@me.com); [epcarrick@gmail.com](mailto:epcarrick@gmail.com); [glenpdavis@gmail.com](mailto:glenpdavis@gmail.com); [greeraz@gmail.com](mailto:greeraz@gmail.com); [gsiegford@msn.com](mailto:gsiegford@msn.com); [hahnaz2@cox.net](mailto:hahnaz2@cox.net); [hev.raiph01@gmail.com](mailto:hev.raiph01@gmail.com); [hikthestik@aol.com](mailto:hikthestik@aol.com); [jackdds@mywav.com](mailto:jackdds@mywav.com); [jamccoy32@gmail.com](mailto:jamccoy32@gmail.com); [jbhok@yahoo.com](mailto:jbhok@yahoo.com); [jemmakopel@hotmail.com](mailto:jemmakopel@hotmail.com); [jgsiegford@yahoo.com](mailto:jgsiegford@yahoo.com); [jimmy@flytrapproductions.com](mailto:jimmy@flytrapproductions.com); [jimpatmc44@gmail.com](mailto:jimpatmc44@gmail.com); [jkietto@yahoo.com](mailto:jkietto@yahoo.com); [jphalen00@aol.com](mailto:jphalen00@aol.com); [jwalker113@cox.net](mailto:jwalker113@cox.net); [kayell121@cs.com](mailto:kayell121@cs.com); [kaylene.moss@avnet.com](mailto:kaylene.moss@avnet.com); [kennenl@yahoo.com](mailto:kennenl@yahoo.com); [landonluchtel@gmail.com](mailto:landonluchtel@gmail.com); [lanka2000@yahoo.com](mailto:lanka2000@yahoo.com); [Laurieweiskopf@gmail.com](mailto:Laurieweiskopf@gmail.com); [lkopel22@hotmail.com](mailto:lkopel22@hotmail.com);

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wiswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com  
Subject: Re: Additional DenSco Information

David,

Thanks for the answers. While the path outline above might be acceptable to some investors, it will be important that we potentially consider alternative additional options together as a group (and/or allow for some individual investor choice).

My biggest challenge with the above path is it seems to allocate 100% of the potentially good funds (lets call it \$10 million) to the efforts related to recovering what is unsecured/uncertain/legally complicated funds. And it also allows hourly-paid lawyers, advisors, accountants, etc to consume those funds without an clear / easy way to control.

An alternative path could be to allow investors to take all or some of the good funds in exchange for releasing their claim on the unrecovered funds. Thus those that might want to take the 20 cents (on the dollar) payment now (on all or a portion of their investment in Densco) could do so now and at least have some piece of mind that hourly legal/other bills aren't going to take their ultimate recovery to zero.

And if that is too complicated, we could alternatively agree as a group to allocate some amount (say \$500k) to a legal recovery fund for the benefit of all and distribute the remaining good funds (say \$9.5 million). Then the legal recovery costs would be quantified.

At this point, I have very little (zero really) clarity and comfort that recovery of additional assets will be possible. And thus, if asked to make a decision at this point, I would not personally be inclined to put significant existing dollars against a costly 2-3 year complex legal process with at vague outcome at best.

And lastly, prior to putting \$\$'s against a protracted legal pursuit, it is going to paramount to be absolutely clear what Densco (and hence us investors) have, if anything, more than an unsecured claim. Was any valid security interest or real property lien filing ever done on the assets Densco loaned funds against related to Menaged (and related entities)?

thx, Tom

On Tue, Aug 9, 2016 at 8:44 PM, Beauchamp, David G.

<[DBeauchamp@clarkhill.com](mailto:DBeauchamp@clarkhill.com)> wrote:

DenSco Investors:

Set forth below are some questions that an Investor sent to me (several other Investors had similar questions). So I believe the questions and answers should be shared with all of the Investors.

Please understand that I am not the financial or bankruptcy expert to evaluate the potential recovery from Scott Menaged or the other unsecured claims. I have asked a couple of people for help to provide you with some direction, but they were not comfortable to even make an educated guess. Despite the fact that I am not an expert in these types of matters and I am not qualified to make any projections, please see my preliminary thoughts below. However, please understand that these preliminary thoughts could be proven to be completely wrong if we are able to obtain better information.

.....

We need to know realistically what to expect so we can plan the rest of our lives. \*\*\*\* Until I know what the Securities Division plans to do, I do not know what chance DenSco has to go after Scott Menaged and to recover the substantial majority of the Investors' money. If I had to guess, I believe a Receiver will be appointed, but the Receiver is not to pursue a fraud or collection case/action until the Receiver has sufficient evidence for the Receiver to believe that the fraud case is more likely than not to be successful and that the defendant has sufficient available assets to satisfy any judgment that may be obtained. Since the Menaged bankruptcy case was filed as a "no asset" bankruptcy, that does not look promising, but the US Trustee has taken actions to bring assets into that case that Scott Menaged had tried to exclude. That sounds promising, but I have no idea as to the value of those additional assets. Again, only time and investigation can clarify the answers to these questions.

I need you best-guess answer on:

What are the chances of getting any money at all back in the future? \*\*\*\* I do not know how much you previously invested, but any return to investors is generally done on a pro-rata basis based on the amount you had invested. According to a preliminary review of DenSco's records, there is approximately \$51 + million invested. So you should receive a percentage of any assets recovered and not needed for the costs of the Receivership or its collection efforts, calculated as follows: (Available DenSco proceeds) multiplied by the percentage determined by: (the amount you invested) divided by (\$51 million.)

Will the money from Densco's bank account and good loans go to pay legal fees in the future? \*\*\*\* That will be the decision of the Receiver so long as the Receiver can demonstrate that there is a greater likelihood of success in the collection efforts as noted above. Normally, a good portion of the initially available funds are applied to investigation costs and the pursuit of potential recovery.

If there is a chance of getting any money back; if so how long in the future would you think it would be? \*\*\*\* In these types of matters, they can last two to three years or longer. In this case, I believe that the anticipated problems to collect all of DenSco's assets from Scott Menaged and Auction.com, I believe it will be longer than 3 years. If sufficient funds are collected and available, there is sometimes (rare but it happens) an interim distribution before all of the potential assets are collected.

Do any lawyers, forensic auditors, and anyone else that you hire get paid hourly or on a contingency basis? \*\*\*\*In some collection cases, there are modified contingency fees negotiated by the Receiver, but fraud actions (with questionable assets for collection) are difficult cases to get attorneys to take on a contingency fee basis.

We really appreciate your efforts so far and hopefully the results turn out well.

Thanks again for what you are doing.

\*\*\*\*\*

David G. Beauchamp

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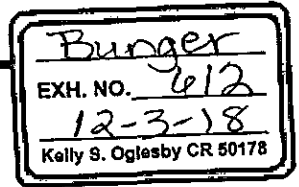
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Beauchamp, David G.



**From:** Bill jean Locke <bjlocke64@yahoo.com>  
**Sent:** Thursday, August 11, 2016 5:13 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Additional DenSco Information

hello all'

want to express our gratitude to everyone who is trying to get this ironed out!!

we unfortunately, have to rely on all of the helpers....we appreciate the emails, info, etc.

good luck and again, thanks!  
jean and bill locke

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "acatejr@gmail.com" <acatejr@gmail.com>; "amydirks@hotmail.com" <amydirks@hotmail.com>; "anthjen@yahoo.com" <anthjen@yahoo.com>; "artnina@hotmail.com" <artnina@hotmail.com>; "Aztonysmith@aol.com" <Aztonysmith@aol.com>; "aztonysmith@gmail.com" <aztonysmith@gmail.com>; "barryluchtel@gmail.com" <barryluchtel@gmail.com>; "bdirks5@cox.net" <bdirks5@cox.net>; "bji@cox.net" <bji@cox.net>; "bjlocke64@yahoo.com" <bjlocke64@yahoo.com>; "bjodenthal@frontier.com" <bjodenthal@frontier.com>; "brian.wenig@honeywell.com" <brian.wenig@honeywell.com>; "burdett.anthony@gmail.com" <burdett.anthony@gmail.com>; "butlerv@yahoo.com" <butlerv@yahoo.com>; "carricks3@ak.net" <carricks3@ak.net>; "czj528@hotmail.com" <czj528@hotmail.com>; "dariosdad@gmail.com" <dariosdad@gmail.com>; "dave@prestoncpa.biz" <dave@prestoncpa.biz>; "davedubay@gmail.com" <davedubay@gmail.com>; "dhowze@cox.net" <dhowze@cox.net>; "don-cindy@cableone.net" <don-cindy@cableone.net>; "Doriann@cox.net" <Doriann@cox.net>; "eileencohen@me.com" <eileencohen@me.com>; "epcarrick@gmail.com" <epcarrick@gmail.com>; "glenpdavis@gmail.com" <glenpdavis@gmail.com>; "greeraz@gmail.com" <greeraz@gmail.com>; "gsiegford@msn.com" <gsiegford@msn.com>; "hahnaz2@cox.net" <hahnaz2@cox.net>; "hey.ralph01@gmail.com" <hey.ralph01@gmail.com>; "hikthestik@aol.com" <hikthestik@aol.com>; "jackdds@myway.com" <jackdds@myway.com>; "jamccoy32@gmail.com" <jamccoy32@gmail.com>; "jbhok@yahoo.com" <jbhok@yahoo.com>; "jemmakopel@hotmail.com" <jemmakopel@hotmail.com>; "jgsiegford@yahoo.com" <jgsiegford@yahoo.com>; "jimmy@flytrapproductions.com" <jimmy@flytrapproductions.com>; "jimpatmc44@gmail.com" <jimpatmc44@gmail.com>; "jkjetto@yahoo.com" <jkjetto@yahoo.com>; "Jphalen00@aol.com" <Jphalen00@aol.com>; "jwalker113@cox.net" <jwalker113@cox.net>; "kayell121@cs.com" <kayell121@cs.com>; "kaylene.moss@avnet.com" <kaylene.moss@avnet.com>; "kenneni@yahoo.com" <kenneni@yahoo.com>; "landonluchtel@gmail.com" <landonluchtel@gmail.com>; "lanka2000@yahoo.com" <lanka2000@yahoo.com>; "Laurieweiskopf@gmail.com" <Laurieweiskopf@gmail.com>; "lkopel22@hotmail.com" <lkopel22@hotmail.com>; "mark.wenig@gmail.com" <mark.wenig@gmail.com>; "mbencekent@yahoo.com" <mbencekent@yahoo.com>; "mlminvestor@gmail.com" <mlminvestor@gmail.com>; "mrsbeasley68@verizon.net" <mrsbeasley68@verizon.net>; "mscroggin@me.com" <mscroggin@me.com>; "nihad@yahoo.com" <nihad@yahoo.com>; "nswirtz@me.com" <nswirtz@me.com>; "patsmiller21@gmail.com" <patsmiller21@gmail.com>; "Paul\_a\_kent@yahoo.com" <Paul\_a\_kent@yahoo.com>; "pearces@mailhaven.com" <pearces@mailhaven.com>; "Peter.Rzonca@Avnet.com" <Peter.Rzonca@Avnet.com>; "pldupper@gmail.com" <pldupper@gmail.com>; "quelalively@yahoo.com" <quelalively@yahoo.com>; "ralph@kaisertile.net" <ralph@kaisertile.net>; "rbrinkman@yahoo.com" <rbrinkman@yahoo.com>; "rgriswold3@stny.rr.com" <rgriswold3@stny.rr.com>; "robertflawson@gmail.com" <robertflawson@gmail.com>; "rzkoehler@yahoo.com" <rzkoehler@yahoo.com>; "sdetota@yahoo.com" <sdetota@yahoo.com>; "sdetota99@yahoo.com" <sdetota99@yahoo.com>; "sdetota99@msn.com" <sdetota99@msn.com>; "smschloz@msn.com" <smschloz@msn.com>; "steve@bunger.me" <steve@bunger.me>; "stewart.sherriff@gmail.com" <stewart.sherriff@gmail.com>; "switchback62@hotmail.com" <switchback62@hotmail.com>; "terryleeAZ@comcast.net" <terryleeAZ@comcast.net>; "thomasbyrne11@gmail.com" <thomasbyrne11@gmail.com>; "thompsc2@cox.net" <thompsc2@cox.net>; "trovita@gmail.com" <trovita@gmail.com>; "uaflyor767@gmail.com" <uaflyor767@gmail.com>; "valeriepaxton@gmail.com" <valeriepaxton@gmail.com>; "vimuscat@gmail.com" <vimuscat@gmail.com>; "wadeunderwood@hotmail.com" <wadeunderwood@hotmail.com>; "wbush1120@comcast.net"

<wbush1120@comcast.net>; "wjswirtz@me.com" <wjswirtz@me.com>; "wka@caribbeanpoolsaz.com" <wka@caribbeanpoolsaz.com>; "yusuf@comsiscomputer.com" <yusuf@comsiscomputer.com>  
Sent: Wednesday, August 10, 2016 7:25 PM  
Subject: RE: Additional DenSco Information

#### DenSco Investors:

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

1. **Today's Meeting with the Securities Division:** Today's meeting ran much longer than was expected. There was a lot of discussion concerning what loan records, investor records and other financial records were available to satisfy DenSco's obligation pursuant to the Subpoena that the Securities Division served on DenSco. Since there are more than 51 boxes of records from Denny's house, we agreed upon a procedure and process to make these records available for the Securities Division. We also discussed the other records requested and how those records (i.e tax records and current loan files) will be obtained for the Securities Division from other sources.

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

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

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

3. **Early Distribution of Assets to some Investors.** Some Investors have indicated that they cannot wait the expected time frame (possible 3 to 5 years) for the Receiver to do a full investigation and to pursue legal action to collect the money owed to DenSco. Some have even expressed a willingness to take a discount of the total

Amount owed to them in exchange for an early distribution to them. Although this concept will be very difficult to structure and probably even more difficult to obtain the consent of most of the Investors to this approach, we will relay this information to the Receiver, if one is appointed.

Sincerely,

David Beauchamp

David G. Beauchamp

CLARK HILL PLC

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

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From:  
To:

Sara Beretta <SBeretta@simonconsulting.net>  
'1goodlife65@gmail.com'; 'acatejr@gmail.com'; 'anthjen@yahoo.com';  
'artnina@hotmail.com'; 'Aztonysmith@aol.com'; 'aztonysmith@gmail.com'; 'bjj@cox.net';  
'bjodenthal@frontier.com'; 'Brinkman, Robert'; 'burdett.anthony@gmail.com'; 'Burkhardt,  
Kennen'; 'Bush, Warren'; 'butlerv@yahoo.com'; 'bwenig@cox.net'; 'carricks3@ak.net';  
'chering@gblaw.com'; 'Chittick, Carlene'; 'czj528@hotmail.com'; 'dariosdad@gmail.com';  
'dave@prestoncpa.biz'; 'davedubay@gmail.com'; 'DeTota, Scott'; 'dhowze@cox.net'; 'Dirks,  
Amy'; 'Dirks, Brad'; 'don-cindy@cableone.net'; 'doriann@cox.net'; 'Dupper, Russ';  
'eileen@4moneymakers.com'; 'eileencohen@me.com'; 'Einck, Todd'; 'epcarrick@gmail.com';  
'glendpavis@gmail.com'; 'gsiegford@msn.com'; 'hahnaz2@cox.net';  
'hey.ralph01@gmail.com'; 'hikthestik@aol.com'; 'Hood, Craig'; 'Jack Davis';  
'jamccoy32@gmail.com'; 'jbhok@yahoo.com'; 'jemmakopel@hotmail.com';  
'jgsiegford@yahoo.com'; 'jimmy@flytrapproductions.com'; 'jimmy@jimmytrainer.com';  
'jimpatmc44@gmail.com'; 'jkjetto@yahoo.com'; 'jphalen00@aol.com'; 'jwalker113@cox.net';  
'kayell121@cs.com'; 'kaylene.moss@techdata.com'; 'krzonca1@cox.net';  
'landonluchtel@gmail.com'; 'lanka2000@yahoo.com'; 'laurie@weiskopfdesigns.com';  
'Laurieweiskopf@gmail.com'; 'Ledet, Wayne'; 'lkopel22@hotmail.com'; 'Locke, Jean';  
'Luchtel, Bary'; 'mark.wenig@gmail.com'; 'mbencekent@yahoo.com';  
'memaconrad@yahoo.com'; 'mlminvestor@gmail.com'; 'mscroggin@me.com';  
'nihad@transedia.com'; 'nihad@yahoo.com'; 'patsmiller21@gmail.com';  
'paul.kent@yahoo.com'; 'Paul\_a\_kent@yahoo.com'; 'Pearce, Marlene';  
'Peter.Rzonca@Avnet.com'; 'pidupper@gmail.com'; 'ralph@kaisertile.net';  
'rgriswold3@stny.rr.com'; 'robertflawson@gmail.com'; 'rzkoehler@gmail.com';  
'rzkoehler@yahoo.com'; 'sbunger@cox.net'; 'sdtuttle@gmail.com'; 'Sheriff, Stewart';  
'smschloz@msn.com'; 'steve@bunger.me'; 'Swirtz, Nancy L.'; 'Swirtz, William';  
'tenyleeAZ@comcast.net'; 'thomasbyrne11@gmail.com'; 'Thompson, Coralee'; 'Thompson,  
Gary'; 'trovita@gmail.com'; 'valeriepaxton@gmail.com'; 'vimuscat@gmail.com';  
'wade@threecreeksbrewing.com'; 'wadeunderwood@hotmail.com'; 'Wellman, Mike & Carol';  
'Wenig, Brian & Carla'; 'wka@caribbeanpoolsaz.com'; 'yusuf@comsiscomputer.com'; 'Don  
And Cindy'

Sent:

2/24/2018 12:08:12 AM

Subject:

Crime Watch Daily story regarding Scott Menaged and DenSco

Dear Investors.

The Receiver was contacted by Elisa Babigian, a reporter for *Crime Watch Daily with Chris Hansen*, who is doing a story on Scott Menaged and how his case unfolded with the Receiver's discovery of the DenSco fraud. Elisa's team wants to put this story out there to alert people what can happen and offer any tips to protect themselves. Elisa would like to hear from some of the investors who suffered larger losses and/or investors who had to return to work post-retirement as a result of the fraud. If you are interested in being interviewed for this story, please contact Elisa directly at 818.972.8503 or [Elisa.Babigian@CrimeWatchDaily.com](mailto:Elisa.Babigian@CrimeWatchDaily.com). You are welcome to contact her with any questions before you commit to an interview.

Sincerely,

**Sara Beretta**, CPA, CFE, CFI

Director



Office: 602-279-3185 - Web: [SimonConsulting.net](http://SimonConsulting.net)  
3200 North Central Avenue, Suite 2460, Phoenix AZ 85012



From: Sara Beretta

Sent: Thursday, December 07, 2017 11:40 AM

To: '1goodlife65@gmail.com'; 'acatejr@gmail.com'; 'anthjen@yahoo.com'; 'artnina@hotmail.com';  
'Aztonysmith@aol.com'; 'aztonysmith@gmail.com'; 'bjj@cox.net'; 'bjodenthal@frontier.com'; 'Brinkman,  
Robert'; 'burdett.anthony@gmail.com'; 'Burkhardt, Kennen'; 'Bush, Warren'; 'butlerv@yahoo.com';  
'bwenig@cox.net'; 'carricks3@ak.net'; 'chering@gblaw.com'; 'Chittick, Carlene'; 'czj528@hotmail.com';  
'dariosdad@gmail.com'; 'dave@prestoncpa.biz'; 'davedubay@gmail.com'; 'DeTota, Scott';  
'dhowze@cox.net'; 'Dirks, Amy'; 'Dirks, Brad'; 'don-cindy@cableone.net'; 'doriann@cox.net'; 'Dupper, Russ';  
'eileen@4moneymakers.com'; 'eileencohen@me.com'; 'Einck, Todd'; 'epcarrick@gmail.com';

'glenpdavis@gmail.com'; 'gsiegford@msn.com'; 'hahnaz2@cox.net'; 'hey.ralph01@gmail.com';  
'hikthestik@aol.com'; 'Hood, Craig'; 'Jack Davis'; 'jamccoy32@gmail.com'; 'jbhok@yahoo.com';  
'jemmaakopel@hotmail.com'; 'jgsiegford@yahoo.com'; 'jimmy@flytrapproductions.com';  
'jimmy@jimmytrainor.com'; 'jimpatmc44@gmail.com'; 'jkjetto@yahoo.com'; 'jphalen00@aol.com';  
'jwalker113@cox.net'; 'kayell121@cs.com'; 'kaylene.moss@techdata.com'; 'krzonca1@cox.net';  
'landonluchtel@gmail.com'; 'lanka2000@yahoo.com'; 'laurie@weiskopfdesigns.com';  
'Laurieweiskopf@gmail.com'; 'Ledet, Wayne'; 'lkopel22@hotmail.com'; 'Locke, Jean'; 'Luchtel, Barry';  
'mark.wenig@gmail.com'; 'mbencekent@yahoo.com'; 'memaconrad@yahoo.com';  
'mlminvestor@gmail.com'; 'mscroggin@me.com'; 'nihad@transedia.com'; 'nihad@yahoo.com';  
'patsmiller21@gmail.com'; 'paul.kent@yahoo.com'; 'Paul\_a\_kent@yahoo.com'; 'Pearce, Marlene';  
'Peter.Rzonca@Avnet.com'; 'pldupper@gmail.com'; 'ralph@kaisertile.net'; 'rgriswold3@stny.rr.com';  
'robertflawson@gmail.com'; 'rzkoehler@gmail.com'; 'rzkoehler@yahoo.com'; 'sbunger@cox.net';  
'sdtuttle@gmail.com'; 'Sheriff, Stewart'; 'smschloz@msn.com'; 'steve@bunger.me'; 'Swirtz, Nancy L.';  
'Swirtz, William'; 'terryleeAZ@comcast.net'; 'thomasbyrne11@gmail.com'; 'Thompson, Coralee'; 'Thompson,  
Gary'; 'trovita@gmail.com'; 'valeriepaxton@gmail.com'; 'vimuscat@gmail.com';  
'wade@threecreeksbrewing.com'; 'wadeunderwood@hotmail.com'; 'Wellman, Mike & Carol'; 'Wenig, Brian &  
Carla'; 'wka@caribbeanpoolsaz.com'; 'yusuf@comsiscomputer.com'

**Subject:** DenSco - Menaged's Sentencing Hearing & Victim Impact Statements

**Importance:** High

Dear Investors:

On October 24, 2017, the Receiver notified investors of Scott Menaged's plea agreement and invited each of you to notify the Receiver of your willingness to provide a victim impact statement to the United States Attorney describing the effect of the Menaged/DenSco fraud upon you. We received notice from eleven (11) investors wishing to provide a victim impact statement. The Receiver's counsel provided this list to the U.S. Attorney on November 10, 2017.

*However, the Receiver has now been asked to coordinate directly with investors to obtain victim impact statements.*

As victims in this matter, you are welcome and encouraged to provide victim impact statements describing how you were impacted by Menaged's crimes financially, emotionally, personally, and/or any other manner in which you were affected. The government has already provided the Court with the facts and numbers in this case, but only the victims' comments can truly express the full impact of Menaged's crimes. The information you provide will weigh on the Judge's decision with regard to Menaged's prison sentence.

Scott Menaged's sentencing hearing has been expedited and is scheduled to occur at **9:00 am on December 19, 2017** at the following location:

Judge G Murray Snow—Courtroom 602  
401 West Washington Street  
Phoenix, AZ 85003

The hearing is open to the public, so anyone who is interested in attending is welcome to do so. Investors are invited to participate in the hearing in **one or more** of the following ways:

**1. Prepare a written victim impact statement**

- a. This must be provided to the Receiver **no later than Tuesday, December 12, 2017** so that we may forward it to the U.S. Attorney for presentation to the Court prior to the hearing.
- b. Please provide your written victim impact statements to me directly at [sberetta@simonconsulting.net](mailto:sberetta@simonconsulting.net) or via hard copy at the address below.
- c. You may use the attached optional template if you choose, but it is **not** required.
- d. You may work with other investors to prepare and submit a joint victim impact statement if you prefer.

**2. Attend the hearing and provide a verbal statement to the Court**

- a. The U.S. Attorney would like to know who wants to speak at the hearing in advance so they can notify the Court. Accordingly, please advise the Receiver if you would like to speak at the hearing **no later than Tuesday, December 12, 2017**.
- b. If you choose to speak at the hearing, please notify me directly at [sberetta@simonconsulting.net](mailto:sberetta@simonconsulting.net).

**3. Attend the hearing but do not participate**

- a. During the hearing, the U.S. Attorney will inform the Court that DenSco investors are present—even if you do not wish to speak, the mere presence of victims can speak volumes to the Court.

You have no obligation to provide a victim impact statement or to attend the hearing, but the Receiver wanted you to be aware of these opportunities. If you would like to submit a written victim impact statement and also attend and/or speak at the hearing, you may do both. Should you have any questions, you may reach me at (602) 279-3185.

Sincerely,

Sara Beretta for Peter S. Davis, Receiver

**Sara Beretta**, CPA, CFE, CFI

Director



Office: 602-279-3185 - Web: SimonConsulting.net  
3200 North Central Avenue, Suite 2460, Phoenix AZ 85012

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**From:** Peter Davis  
**Sent:** Tuesday, October 24, 2017 3:21 PM  
**To:** Sara Beretta  
**Cc:** Peter Davis  
**Subject:** DenSco Receivership - Scott Menaged Settlement

Dear Investors,

As many of you may already know, I have learned that Yomtov Scott Menaged ("Menaged") has entered into a plea agreement in the criminal case against him.

Attached is a copy of the Information regarding the charges that have been [or would have been made] against Menaged and the Plea Agreement. To summarize the Plea Agreement, Menaged has agreed to plead guilty to the following criminal charges:

- Conspiracy to Commit Bank Fraud [18 U.S.C §371];
- Aggravated Identity Theft [18 U.S.C §1028(A)]; and
- Money Laundering Conspiracy [[18 U.S.C §1956(h)]

Under the terms of the plea agreement Menaged has agreed to the following:

- The losses from the Money Laundering Conspiracy is \$34,000,000;
- Menaged will be sentenced to a term of imprisonment of no less than 10 years and no more than 17 years;
- Menaged will permanently waive his bankruptcy discharge;
- Menaged has agreed to restitution of \$1,145,392.81 to Wells Fargo Bank, \$967,013.13 to Synchrony Bank and \$34,000,000.00 to "all victims"; and
- Menaged has to provide a full accounting of his assets.

I am informed that the United States District Court will hold a hearing, currently set for December 27<sup>th</sup>, to address the Plea Agreement. We believe that this hearing on December 27<sup>th</sup> will be a "mini" trial where the Government and Menaged will present evidence that will try to sway the Court on the length of the prison sentence. Simply put, I suspect that the Government will be arguing for a 17 year prison sentence and Menaged will be arguing for a 10 year sentence.

This is a critical development in the DenSco case. Representatives of the United States Attorney have asked me to communicate this information to you and to solicit you, as a DenSco investor, to determine if you want to provide a victim impact statement to the United States Attorney of the effect of the Menaged/DenSco fraud upon you. If you are interested, please let me know and provide me with the best method for the United States Attorney to contact you and I will forward your information to the United States Attorney. You have no obligation to provide a victim impact statement, but I wanted to let you know of this opportunity. In closing, I hope you have been following the DenSco website for updates, as we continue to move rapidly on the administration of the Receivership. I am expecting the Court will soon approve my Claims recommendations which will enable me to move forward with seeking to approve an interim distribution to pay a portion of your DenSco claim from the monies that we've already collected. If you have any questions or concerns, please let me know.

Sincerely,

**Peter Davis**, CPA, ABV, CFF, CIRA, CTP, CFE  
Managing Director

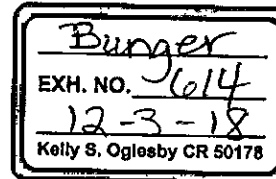


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Please consider the environment before printing this email.

**From:** Sara Beretta <SBeretta@simonconsulting.net>  
**To:** 'acatejr@gmail.com'; 'anthjen@yahoo.com'; 'artnina@hotmail.com'; 'Aztonysmith@aol.com'; 'aztonysmith@gmail.com'; 'bji@cox.net'; 'bjodenthal@frontier.com'; 'Brinkman, Robert'; 'burdett.anthony@gmail.com'; 'Burkhardt, Kennen'; 'Bush, Warren'; 'butlerv@yahoo.com'; 'carricks3@ak.net'; 'Chittick, Carlene'; 'czj528@hotmail.com'; 'dariosdad@gmail.com'; 'dave@prestoncpa.biz'; 'davedubay@gmail.com'; 'DeTota, Scott'; 'dhowze@cox.net'; 'Dirks, Amy'; 'Dirks, Brad'; 'don-cindy@cableone.net'; 'doriann@cox.net'; 'Dupper, Russ'; 'eileencohen@me.com'; 'Einck, Todd'; 'epcarrick@gmail.com'; 'glenpdavis@gmail.com'; 'gsiegford@msn.com'; 'hahnaz2@cox.net'; 'hey.ralph01@gmail.com'; 'hikthestik@aol.com'; 'Hood, Craig'; 'Jack Davis'; 'jackdds@myway.com'; 'jamccoy32@gmail.com'; 'jbhok@yahoo.com'; 'jemmakopel@hotmail.com'; 'jgsiegford@yahoo.com'; 'jimmy@flytrapproductions.com'; 'jimpatmc44@gmail.com'; 'jkjetto@yahoo.com'; 'jphalen00@aol.com'; 'jwalker113@cox.net'; 'kayell121@cs.com'; 'kaylene.moss@avnet.com'; 'landonluchtel@gmail.com'; 'lanka2000@yahoo.com'; 'Laurieweiskopf@gmail.com'; 'Ledet, Wayne'; 'lkopel22@hotmail.com'; 'Locke, Jean'; 'Luchtel, Barry'; 'mark.wenig@gmail.com'; 'mbencekent@yahoo.com'; 'miminvestor@gmail.com'; 'mscroggin@me.com'; 'nihad@yahoo.com'; 'patsmiller21@gmail.com'; 'Paul\_a\_kent@yahoo.com'; 'Pearce, Marlene'; 'Peter.Rzonca@Avnet.com'; 'pldupper@gmail.com'; 'ralph@kaisertile.net'; 'rgriswold3@stny.rr.com'; 'robertflawson@gmail.com'; 'rzkoehler@yahoo.com'; 'sdtuttle@gmail.com'; 'Sheriff, Stewart'; 'smschloz@msn.com'; 'steve@bunger.me'; 'Swirtz, Nancy L.'; 'Swirtz, William'; 'switchback62@hotmail.com'; 'terryleeAZ@comcast.net'; 'thomasbyme11@gmail.com'; 'Thompson, Coralee'; 'Thompson, Gary'; 'trovita@gmail.com'; 'valeriepaxton@gmail.com'; 'vimuscat@gmail.com'; 'wadeunderwood@hotmail.com'; 'Wellman, Mike & Carol'; 'Wenig, Brian & Carla'; 'wka@caribbeanpoolsaz.com'; 'yusuf@comsiscomputer.com'  
**Sent:** 5/26/2017 3:38:31 PM  
**Subject:** DenSco - Investor Update Re: Scott Menaged  
**Attachments:** Menaged Indictment.pdf



Dear DenSco Investors:

I have been informed that Scott Menaged has been charged with a series of crimes and has been arrested. Attached is a copy of the indictment that was unsealed in the United States District Court for the District of Arizona. These charges are unrelated to DenSco. However, I believe that media reports will be picking up on these developments and I wanted you to be aware. Initial news coverage may be viewed here: <http://www.abc15.com/news/region-phoenix-metro/central-phoenix/scott-menaged-investigation-property-wars-star-part-of-criminal-case>.

Sincerely,

Sara Beretta

For Peter S. Davis, Receiver

**Sara Beretta, CPA, CFE, CFI**

Director



Office: 602-279-3185 - Web: [SimonConsulting.net](http://SimonConsulting.net)

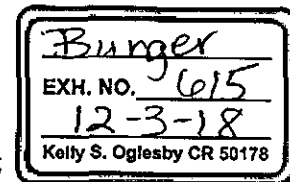
3200 North Central Avenue, Suite 2460, Phoenix AZ 85012

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Please consider the environment before printing this email.

**From:** Sara Beretta <SBeretta@simonconsulting.net>  
**To:** 'acatejr@gmail.com'; 'anthjen@yahoo.com'; 'artrina@hotmail.com'; 'Aztonysmith@aol.com'; 'aztonysmith@gmail.com'; 'bjj@cox.net'; 'bjodenthal@frontier.com'; 'Brinkman, Robert'; 'burdett.anthony@gmail.com'; 'Burkhardt, Kennen'; 'Bush, Warren'; 'butlerv@yahoo.com'; 'carricks3@ak.net'; 'Chittick, Carlene'; 'czj528@hotmail.com'; 'dariosdad@gmail.com'; 'dave@prestoncpa.biz'; 'davedubay@gmail.com'; 'DeTota, Scott'; 'dhowze@cox.net'; 'Dirks, Amy'; 'Dirks, Brad'; 'don-cindy@cableone.net'; 'doriann@cox.net'; 'Dupper, Russ'; 'eileencohen@me.com'; 'Einck, Todd'; 'epcarrick@gmail.com'; 'glenpdavis@gmail.com'; 'gsiegford@msn.com'; 'hahnaz2@cox.net'; 'hey.ralph01@gmail.com'; 'hikthestik@aol.com'; 'Hood, Craig'; 'Jack Davis'; 'jackdds@myway.com'; 'jamccoy32@gmail.com'; 'jbhok@yahoo.com'; 'jemmakopel@hotmail.com'; 'jgsiegford@yahoo.com'; 'jimmy@flytrapproductions.com'; 'jimpatmc44@gmail.com'; 'jkjetto@yahoo.com'; 'jphalen00@aol.com'; 'jwalker113@cox.net'; 'kayell121@cs.com'; 'kaylene.moss@avnet.com'; 'landonluchtel@gmail.com'; 'lanka2000@yahoo.com'; 'Lauriewelskopf@gmail.com'; 'Ledet, Wayne'; 'lkopel22@hotmail.com'; 'Locke, Jean'; 'Luchtel, Barry'; 'mark.wenig@gmail.com'; 'mbencekent@yahoo.com'; 'mlminvestor@gmail.com'; 'mscroggin@me.com'; 'nihad@yahoo.com'; 'patsmiller21@gmail.com'; 'Paul\_a\_kent@yahoo.com'; 'Pearce, Marlene'; 'Peter.Rzonca@Avnet.com'; 'pldupper@gmail.com'; 'ralph@kaisertile.net'; 'rgriswold3@stny.rr.com'; 'robertflawson@gmail.com'; 'rzkoehler@yahoo.com'; 'sdtuttle@gmail.com'; 'Sherriff, Stewart'; 'smschloz@msn.com'; 'steve@bunger.me'; 'Swirtz, Nancy L.'; 'Swirtz, William'; 'switchback62@hotmail.com'; 'terryleeAZ@comcast.net'; 'thomasbyme11@gmail.com'; 'Thompson, Coralee'; 'Thompson, Gary'; 'trovita@gmail.com'; 'valeriepaxton@gmail.com'; 'vimuscat@gmail.com'; 'wadeunderwood@hotmail.com'; 'Wellman, Mike & Carol'; 'Wenig, Brian & Carla'; 'wka@caribbeanpoolsaz.com'; 'yusuf@comsiscomputer.com'  
**CC:** Peter Davis; Kyle McQuaid  
**Sent:** 3/7/2017 4:04:38 PM  
**Subject:** DenSco Investment Corp. - 03/07/17 Investor Updated



Dear DenSco Investors:

Please accept this email as a brief status report in the DenSco Receivership:

**Furniture King Receivership:** On December 21, 2016, the Receiver filed with the Court the *Petition for Approval of Procedures for the Sale of Furniture King Assets*, setting forth a comprehensive plan regarding the liquidation of the former assets of Furniture King, Scott's Fine Furniture, and Furniture and Electronic King. The Court signed the corresponding Order on January 31, 2017. The Receiver is currently working with Surplus Asset Management (SAM) to liquidate the furniture assets. You may view the items currently listed on SAM's website at <https://www.samliquidations.com/shop>. SAM is responsible for advertising and is also coordinating periodic onsite sales at the warehouses where the furniture is located.

**Collections to Date:** I am pleased to report that funds collected to date equal \$6,169,478.95.

**Managed Bankruptcy and Investigation:** On January 31, 2017, the Receiver filed with the Bankruptcy Court the *Verified Complaint to Determine Dischargeability of Debt* seeking a determination by the Court that Scott Menaged's debt to DenSco cannot be discharged. Doing so essentially opened a new litigation matter related to Scott Menaged's bankruptcy case, which is otherwise referred to as the adversary litigation against Scott Menaged.

**Managed Investigation:** The Receiver subpoenaed various banks and has received bank records for the bank accounts held by Scott Menaged and his entities. We are in the process of compiling the data into a database and analyzing the data in an effort to determine the sources and uses of funds by Scott Menaged. This is a significant, time-consuming undertaking, but we are hopeful that this will help us to identify potential sources of recovery for the benefit of DenSco's creditors.

**Claims Process:** On February 17, 2017, the Receiver filed with the Court the *Petition for Order Establishing Claims Procedures*. The Petition and the proposed Order set forth the recommended timeframe for making the first interim distribution. Based on the proposed claims bar date of 06/30/17 and the subsequent deadlines to prepare and file a claims report, receive and respond to objections, etc., and the potential need to schedule a hearing to adjudicate claims, distributions likely will not occur until late 2017 or early 2018. Please keep in mind that the Receiver's job is to determine the entire universe of DenSco's claimants/creditors, as the Receiver has a duty not only to DenSco's defrauded investors, but also to all other DenSco creditors. This is why the claims process is so lengthy. Investors will receive official notice of the claims process shortly after the Receiver's Petition is approved by the Court.

**Tax Forms:** As a reminder, We will not be issuing 1099 forms for 2016, as all "interest" payments actually represented the return of principal.

All court filings, including the documents referenced above, are available on the Receiver's website at receivership



website at <http://denscoreceiver1.godaddysites.com/> or [www.denscoinvestment.com](http://www.denscoinvestment.com). I encourage you to review the DenSco receivership website regularly to track the developments in the DenSco case.

Sincerely,

Sara Beretta

For Peter S. Davis, Receiver

**Sara Beretta**, CPA, CFE, CFI

Director



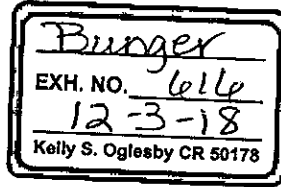
Office: 602-279-3185 = Web: [SimonConsulting.net](http://SimonConsulting.net)

3200 North Central Avenue, Suite 2460, Phoenix AZ 85012



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**From:** Sara Beretta <SBeretta@simonconsulting.net>  
**To:** 'acatejr@gmail.com'; 'anthjen@yahoo.com'; 'artrina@hotmail.com'; 'Aztonysmith@aol.com'; 'aztonysmith@gmail.com'; 'bji@cox.net'; 'bjodenthal@frontier.com'; 'Brinkman, Robert'; 'burdett.anthony@gmail.com'; 'Burkhardt, Kennen'; 'Bush, Warren'; 'butlerv@yahoo.com'; 'carricks3@ak.net'; 'Chittick, Carlene'; 'czj528@hotmail.com'; 'dariosdad@gmail.com'; 'dave@prestoncpa.biz'; 'davedubay@gmail.com'; 'DeTota, Scott'; 'dhowze@cox.net'; 'Dirks, Amy'; 'Dirks, Brad'; 'don-cindy@cableone.net'; 'doriann@cox.net'; 'Dupper, Russ'; 'eileencohen@me.com'; 'Einck, Todd'; 'epcarrick@gmail.com'; 'glenpdavis@gmail.com'; 'gsiegford@msn.com'; 'hahnaz2@cox.net'; 'hey.ralph01@gmail.com'; 'hikthestik@aol.com'; 'Hood, Craig'; 'Jack Davis'; 'jackdds@myway.com'; 'jamccoy32@gmail.com'; 'jbhok@yahoo.com'; 'jemmakopel@hotmail.com'; 'jgsiegford@yahoo.com'; 'jimmy@flytrapproductions.com'; 'jimpatmc44@gmail.com'; 'jkjetto@yahoo.com'; 'jphalen00@aol.com'; 'jwalker113@cox.net'; 'kayell121@cs.com'; 'kaylene.moss@avnet.com'; 'landonluchtel@gmail.com'; 'lanka2000@yahoo.com'; 'Laurieweiskopf@gmail.com'; 'Ledet, Wayne'; 'lkopel22@hotmail.com'; 'Locke, Jean'; 'Luchtel, Barry'; 'mark.wenig@gmail.com'; 'mbencekent@yahoo.com'; 'mlminvestor@gmail.com'; 'mscroggin@me.com'; 'nihad@yahoo.com'; 'patsmiller21@gmail.com'; 'Paul\_a\_kent@yahoo.com'; 'Pearce, Marlene'; 'Peter.Rzonca@Avnet.com'; 'pldupper@gmail.com'; 'ralph@kaisertile.net'; 'rgriswold3@stny.rr.com'; 'robertflawson@gmail.com'; 'rzkoebler@yahoo.com'; 'sduttelle@gmail.com'; 'Sheriff, Stewart'; 'smschloz@msn.com'; 'steve@bunger.me'; 'Swirtz, Nancy L.'; 'Swirtz, William'; 'switchback62@hotmail.com'; 'terryleeAZ@comcast.net'; 'thomasbyme11@gmail.com'; 'Thompson, Coralee'; 'Thompson, Gary'; 'trovita@gmail.com'; 'valeriepaxton@gmail.com'; 'vimuscat@gmail.com'; 'wadeunderwood@hotmail.com'; 'Wellman, Mike & Carol'; 'Wenig, Brian & Carla'; 'wka@caribbeanpoolsaz.com'; 'yusuf@comsiscomputer.com'  
**CC:** Peter Davis; Kyle McQuaid  
**Sent:** 4/17/2017 8:41:36 PM  
**Subject:** DenSco Investment Corp. - 04/17/17 Investor Update



Dear DenSco Investors:

Please accept this email as a brief status report in the DenSco Receivership:

**Collections to Date:** I am pleased to report that total funds collected to date equal \$6,344,881.63.

**Claims Process:** On March 29, 2017, the Court approved the Receiver's claims petition and entered the *Order Establishing Procedures for the Adjudication of Claims*. Pursuant to the procedures set forth therein, the Receiver mailed a *Notice of Right to File Proof of Claim*, a copy of the Court's Order, and a blank claim form to all known DenSco creditors on April 8, 2017. The following information is provided in response to recent investor inquiries regarding the claims process:

- **Proof of Claim** – You must submit a completed Proof of Claim form on or before June 30, 2017. Any claims not submitted to the Receiver by that date will be barred forever. Even though the Receiver has already identified you as a DenSco investor, you will not be eligible for distributions from the Receivership Estate unless you submit a completed Proof of Claim by the deadline.
- **Documentation of Your Claim** – The Proof of Claim form instructs you to provide “copies of all documents in support of this claim, such as Private Offering Memoranda, statements, cancelled checks, or any other documents establishing the indebtedness of DenSco Investment Corporation or the Receivership Estate to you.” Many investors have already provided their investment documentation to the Receiver. If you feel that you have already provided sufficient information to document your claim, then you do not need to provide any further supporting documentation with your claim. Once we receive and evaluate your claim form, we will be in touch if there is anything else we need.
- **Retirement Accounts** – If your investment is held by an IRA or other retirement account, please provide both your personal information and the custodian's information with your claim—there is not a lot of space on the claim form, so please provide custodian information on the backside of the form or on a separate page. We need to be able to communicate with you personally, but we will also need your custodian information when we make distributions.

**Investor Meeting:** The Receiver strongly believes that it is important to provide the DenSco investors an update on the myriad of ongoing investigations, actions, and recoveries. However, the sheer volume and sensitive nature of some information will not translate in a written report or in a large group presentation. Accordingly, at the bequest of some investors, we believe that the most efficient and productive way to communicate the detailed developments in the DenSco receivership is to conduct a private meeting with a smaller number of DenSco investors who will be tasked with communicating general developments to the larger investor group. At this time, we expect a meeting to be

conducted on May 3, 2017. We understand that the investors are working independently to select the attendants at this meeting.

**Hearing Regarding Petition No. 11:** The hearing regarding Petition No. 11 has been rescheduled to September 7, 2017. Petition No. 11 relates primarily to the Chittick Estate's request to (1) appoint corporate officers or directors of DenSco, and (2) determine that the DenSco Defined Benefit Plan is not an asset of the Receivership Estate. The Receiver disputes the Chittick Estate's position on these issues, as set forth in the Receiver's Response to Petition No. 11 dated January 9, 2017. The Receiver and the Chittick Estate stipulated to postpone the hearing until September in an effort to negotiate these issues further; however, a settlement has not been reached to date.

**Retention of Special Counsel:** On March 31, 2017, the Receiver filed a petition for an order approving the engagement of special counsel, Geoffrey M.T. Sturr and Colin F. Campbell of Osborn Maledon, PA, to assist the Receiver in the investigation and prosecution of DenSco's claims against its former legal advisors, including the law firm of Clark Hill, PLC. This petition is currently pending before the Court.

**Furniture King Receivership:** The Receiver continues to work with Surplus Asset Management (SAM) to liquidate the furniture assets. You may view the items currently listed on SAM's website at <https://www.samliquidations.com/shop>. SAM has collected gross sales proceeds of \$67,822 to date, and our goal is to exit one of the two warehouses by the end of the April to reduce storage costs.

**Sale of Potter Property:** On approximately September 25, 2013, DenSco loaned \$170,000 to Arizona Home Foreclosures, a Scott Menaged company, to purchase the property located at 707 East Potter Drive in Phoenix, AZ. The Receiver took possession of the Potter property at the Trustee's Sale on April 4, 2017. The Receiver believes that the property is not encumbered by any indebtedness, other than property taxes due. The property was listed for sale, and the Receiver received multiple offers, resulting in a final sale price of \$273,000. On April 13, 2017, the Receiver filed a petition with the Court to confirm the sale of the Potter property. This petition is currently pending before the Court.

**Managed Investigation:** We are continuing our analysis of the bank data received to date in an effort to determine the sources and uses of funds by Scott Menaged. The Receiver has issued two more subpoenas to request records for additional Scott Menaged accounts identified. Upon receipt, these records will be incorporated into the database and included in a comprehensive analysis. This is a significant, time-consuming undertaking, but we are hopeful that this will help us to identify potential sources of recovery for the benefit of DenSco's creditors.

All court filings, including the documents referenced above, are available on the Receiver's website at <http://denscoreceiver1.godaddy.com/> or [www.denscoinvestment.com](http://www.denscoinvestment.com). I encourage you to review the website regularly to track the developments in the DenSco case.

Finally, if you are aware of any DenSco investors or other creditors who are not copied on this email, please forward this email to them.

Sincerely,

Sara Beretta

For Peter S. Davis, Receiver

**Sara Beretta, CPA, CFE, CFI**

Director



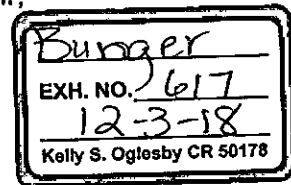
Office: 602-279-3185 - Web: [SimonConsulting.net](http://SimonConsulting.net)

3200 North Central Avenue, Suite 2460, Phoenix AZ 85012

Financial Accountant • Estate Administrator • Receivership Administrator

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**CC:** Peter Davis; 'Ryan Anderson'  
**Sent:** 2/28/2018 9:52:16 PM  
**Subject:** DenSco Receivership - Brief Update



Dear DenSco Investors:

The Receiver wanted to provide you a brief update in the DenSco case and announce that we have successfully recovered \$1,193,572 from the Department of the Treasury representing federal tax refunds due to DenSco for excess taxes paid in 2013-2015. 100% of these funds are property of the DenSco Receivership Estate pursuant to a settlement between the Receiver and the Estate of Denny Chittick.

We continue to work on the recovery of assets for the benefit of the DenSco victims, and we hope to announce another interim distribution in the near future.

Sincerely,

Sara Beretta for Peter S. Davis, Receiver

**Sara Beretta**, CPA, CFE, CFI

Director



Office: 602-279-3185 - Web: [SimonConsulting.net](http://SimonConsulting.net)

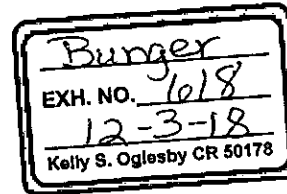
3200 North Central Avenue, Suite 2460, Phoenix AZ 85012



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CC: Peter Davis; 'Ryan Anderson'  
 Sent: 3/20/2018 3:05:38 PM  
 Subject: DenSco Receivership - Another Brief Update



Dear DenSco Investors:

The Receiver wanted to provide you another brief update in the DenSco case and is pleased announce that we have successfully recovered \$1,842,833.36 representing the balance of funds transferred from DenSco by Mr. Chittick into the DenSco Defined Benefit Plan. These assets were recovered pursuant to the settlement between the Receiver and the Estate of Denny Chittick.

We will continue to work on the recovery of assets for the benefit of the DenSco victims, and based on the amount of recent recoveries, we hope to announce another interim distribution in the near future.

Sincerely,

Sara Beretta for Peter S. Davis, Receiver

**Sara Beretta, CPA, CFE, CFI**

Director



Office: 602-279-3185 - Web: SimonConsulting.net  
 3200 North Central Avenue, Suite 2460, Phoenix AZ 85012

Financial Accounting • Forensic Economics • Receiverships & Insolvency

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Burger  
EXH. NO. 619  
12-3-18  
Kelly S. Oglesby CR 50178

141 Burger Estate



D128517  
#8604

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 1

Date: October 1, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

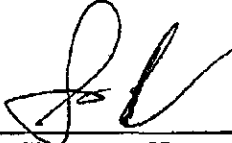
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: October 1, 2013

By:   
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven  
G. Bunger, Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of October 1, 2013

By:   
\_\_\_\_\_

Name: Denny J. Chittick

Title: President



Date: October 1, 2013

INVESTOR NO. 134

**DENSCO INVESTMENT CORPORATION  
PROSPECTIVE PURCHASER QUESTIONNAIRE  
(ACCREDITED INVESTORS)**

The following information is furnished to DenSco Investment Corporation, an Arizona corporation (the "Company") for the Company to determine whether I am qualified to invest in a general obligation, unsecured note (the "Note") from the Company pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. I, the undersigned, understand that you will rely upon the following information for purposes of such determination, and that the Note will not be registered under the Securities Act in reliance upon the exemption from registration provided by Sections 3(b) and 4(2) of the Securities Act, Regulation D thereunder, and comparable provisions of applicable state securities laws.

This Prospective Purchaser Questionnaire must be completed by each potential Investor who has indicated an interest in purchasing a Note from the Company. Individual Investors and each Co-Investor (other than a spouse) must complete and sign a separate Prospective Purchaser Questionnaire and adult custodians must complete this Prospective Questionnaire for individual minor Investors. Shareholders of corporations (or members of an LLC, or partners of a partnership or a beneficiary of a trust) (collectively, an "Equity Owner") also may need to furnish additional information as applicable.

I further understand that I may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate my status as an Accredited Investor.

ALL INFORMATION CONTAINED IN THIS PROSPECTIVE PURCHASER QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY. However, it is agreed that you may present this document to such parties as you deem appropriate if called upon to establish that the proposed offer and sale of the Notes is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws. I understand that a false statement by me will constitute a violation of my representations and warranties under this Investor Questionnaire and the Subscription Agreement submitted with this Questionnaire and may also constitute a violation of law, for which a claim for damages may be made against me. My investment in the Notes will not be accepted until Denny Chittick (the "President"), who is the President of the Company, determines that I satisfy all of the suitability standards set forth in the Confidential Private Offering Memorandum, dated July 1, 2009 (the "POM") and in Rule 501(a) of Regulation D under the Securities Act.

**Please answer every question.** If the answer to any questions is "None" or "Not Applicable" please so state.

The Prospective Purchaser Questionnaire does not constitute an offer by the Company or any agent to sell any securities, but is merely a request for information.

Please complete, sign, date and return the Prospective Purchaser Questionnaire to the Company. Your investment in the Company will not be accepted until the Company determines that you satisfy all of the requisite suitability standards.

**For Individual Investors, please complete pages 2 to 4 and sign on page 4.**

**For Organizational Investors, please complete pages 4 to 7 and sign on page 7.**

I, the undersigned Prospective Investor hereby supply you with the following information and representations:

PLEASE PRINT

I. INDIVIDUAL INVESTORS

A. GENERAL INFORMATION

Name of Investor\* Steven G & Mary E Bunger Estate, LLC  
Residence Address 6134 W Trovita Place

City Chandler State AZ Zip Code 85226 -

Home Telephone Number (                      )

Email Address: steve@bunger.me

Work Number (                      ) -                     

Cellular Number (                      ) -                     

U.S. Citizen            Yes    No

Social Security Number (Investor)                     

(Co Investor, if any)\*\*                     

\* ALL INFORMATION REQUESTED IN CONNECTION WITH INVESTMENTS UNDER THE UNIFORM GIFT TO MINORS ACT SHOULD BE GIVEN ON BEHALF OF THE ADULT CUSTODIAN, NOT THE MINOR BENEFICIARY, UNLESS OTHERWISE INDICATED.

\*\* EACH CO-INVESTOR (OTHER THAN SPOUSE) MUST COMPLETE AND SIGN A SEPARATE QUESTIONNAIRE.

Name of Custodian (if investment is pursuant to Uniform Gift to Minors Act)

\_\_\_\_\_

Name of Beneficiary \_\_\_\_\_

1. Set forth in the space provided below the state(s) in which you maintain your principal residence.

\_\_\_\_\_

2. Do you maintain residence in any other states? If yes, in which state(s)?

\_\_\_\_\_

3. In which state, if any, are you registered to vote?

\_\_\_\_\_

4. In which state, if any, do you presently hold a valid driver's license?

\_\_\_\_\_

5. Are you age 21 or older?    Yes    No

**B. INDIVIDUAL ACCREDITATION, SOPHISTICATION, AND SUITABILITY**

1. **Accredited Investor Status.** Please complete each of the following certifications:

- A. I certify that I have an individual net worth (or a joint net worth with my spouse) in excess of \$1,000,000 (**excluding** homes, home furnishings and automobiles). **Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that investors subtract from their net worth the amount of indebtedness on any home owned by an investor that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount.**

Yes                      No

OR

- B. I certify that I had individual income (excluding any income of my spouse) of more than \$200,000 in each of the previous two calendar years, or joint income with my spouse of more than \$300,000 in each of those years, and I reasonably expect to have an individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in the current year.

Yes                      No

The above information supplied by me is true and correct in all respects and I recognize that the Company is materially relying on the truth and accuracy of such information.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

*Steve Burger*

PRINT Name of Investor

*[Signature]*

PRINT Name of Co Investor, if any

Signature of Investor

Signature of Co Investor, if any

II. ORGANIZATIONAL INVESTOR

A. GENERAL INFORMATION

1. Name of Organization: \_\_\_\_\_
2. Date of Organization \_\_\_\_\_
3. Fiscal Year End \_\_\_\_\_
4. State and Country of Organization \_\_\_\_\_
5. Taxpayer Identification Number \_\_\_\_\_
6. Principal Business Address \_\_\_\_\_  
\_\_\_\_\_
7. Home Telephone Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Work Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Cellular Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_
8. Type of Organization and Business Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bunger  
EXH. NO. 620  
12-3-18  
Kelly S. Oglesby CR 50178

134 Steve Bunger

D128422  
#8604

Name  
Signed

D128423  
#8604

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 1

Date: October 1, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_ % per year (\_\_\_\_ % monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_ % per year (\_\_\_\_ % monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: October 1, 2015

By: \_\_\_\_\_  
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven  
G. Bunger, Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of October 1, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President



**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 1

Date: February 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment Corporation as of February 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 665,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: March 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by ~~Desert Classic Investment~~  
Corporation as of March 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen: Investment # 4 Date: February 26, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 26, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by Desert Investment  
Corporation as of February 26, 2015.

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 1

Date: October 1, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the



magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: October 1, 2015

By: \_\_\_\_\_  
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven  
G. Bunger, Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSCO Investment  
Corporation as of October 1, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION  
GENERAL OBLIGATION NOTE**

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

**REGISTERED HOLDER**

Name: Steven G and Mary E Binger Address: 6134 W Ivovita Place  
Estate, LLC Chandler, AZ 85226

**PRINCIPAL**

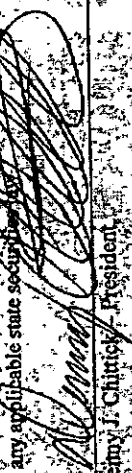
Principal Amount: \$ 795,000.00  
Date of Issue: 10/1/2015  
Maturity Date: 10/1/2017

**INTEREST**

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 10/31/2015

**NOTICE TO HOLDER**

The investment in the Company's General Obligation Note(s), represented by this Certificate, have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933, unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chittick, President

**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

COPY

Ladies and Gentlemen:                      Investment # 1                      Date: February 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
  
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
  
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: February 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of February 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount of maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, L.L.C. Address: 6134 W Trovita Place

Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 1,000,000.00  
Date of Issue: 2/8/2015  
Maturity Date: 2/8/2017

## INTEREST

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 2/8/2015

## NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933 and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel (separate copies to the Company) that such transaction does not violate the registration requirements of both such Act and any applicable state securities laws.

  
Dennis C. Smith, President



DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 665,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: March 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSec Investment Corporation as of March 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place

Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 665,000.00

Date of Issue: 3/8/2015

Maturity Date: 3/8/2017

## INTEREST

Annual Rate: 12%

Payable:  Monthly  Quarterly  At Maturity

First Interest Payment Date: 3/31/2015

## NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged, or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933, unless the transaction is such that registration under such Act is not required. No request for transfer or reissue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chiffet - President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 4

Date: February 26, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.



DATED: February 26, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment Corporation as of February 26, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place  
Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 400,000.00  
Date of Issue: 2/26/2016  
Maturity Date: 2/26/2018

## INTEREST

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 2/29/2016

## NOTICE TO HOLDER

This investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issuance shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chittick - President

Desert  
CLASSIC

Xfer  
SUV  
+UVKids

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

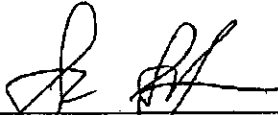
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ ~~1,000,000.00~~ <sup>655K</sup> for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: March 8, 2013

By:  \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC. Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

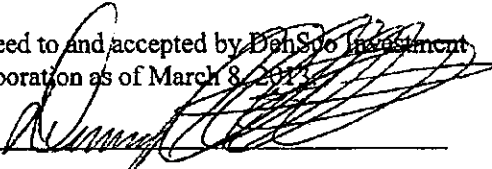
SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by ~~Desert Classic Investments~~   
Corporation as of March 8, 2013.

By: \_\_\_\_\_

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 1

Date: February 8, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 8, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSec Investment Corporation as of February 8, 2013.

By:   
\_\_\_\_\_

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 2

Date: July 1, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 900,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise



DATED: July 1, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address: 6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

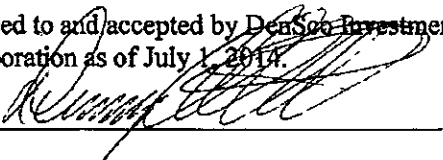
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSo Investment Corporation as of July 1, 2014.

By: 

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 4

Date: May 1, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

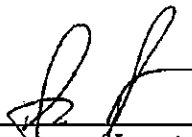
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 550,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: May 1, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

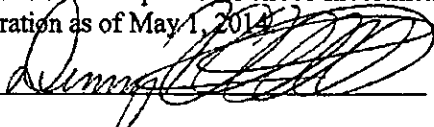
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of May 1, 2014

By: 

Name: Denny J. Chittick

Title: President

Date: February 8, 2013

INVESTOR NO. 134

**DENSCO INVESTMENT CORPORATION  
PROSPECTIVE PURCHASER QUESTIONNAIRE  
(ACCREDITED INVESTORS)**

The following information is furnished to DenSco Investment Corporation, an Arizona corporation (the "Company") for the Company to determine whether I am qualified to invest in a general obligation, unsecured note (the "Note") from the Company pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. I, the undersigned, understand that you will rely upon the following information for purposes of such determination, and that the Note will not be registered under the Securities Act in reliance upon the exemption from registration provided by Sections 3(b) and 4(2) of the Securities Act, Regulation D thereunder, and comparable provisions of applicable state securities laws.

This Prospective Purchaser Questionnaire must be completed by each potential Investor who has indicated an interest in purchasing a Note from the Company. Individual Investors and each Co-Investor (other than a spouse) must complete and sign a separate Prospective Purchaser Questionnaire and adult custodians must complete this Prospective Questionnaire for individual minor Investors. Shareholders of corporations (or members of an LLC, or partners of a partnership or a beneficiary of a trust) (collectively, an "Equity Owner") also may need to furnish additional information as applicable.

I further understand that I may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate my status as an Accredited Investor.

ALL INFORMATION CONTAINED IN THIS PROSPECTIVE PURCHASER QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY. However, it is agreed that you may present this document to such parties as you deem appropriate if called upon to establish that the proposed offer and sale of the Notes is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws. I understand that a false statement by me will constitute a violation of my representations and warranties under this Investor Questionnaire and the Subscription Agreement submitted with this Questionnaire and may also constitute a violation of law, for which a claim for damages may be made against me. My investment in the Notes will not be accepted until Denny Chittick (the "President"), who is the President of the Company, determines that I satisfy all of the suitability standards set forth in the Confidential Private Offering Memorandum, dated July 1, 2009 (the "POM") and in Rule 501(a) of Regulation D under the Securities Act.



Name of Custodian (if investment is pursuant to Uniform Gift to Minors Act)

Stearns & Menzies Fidelity Fund 5/10/95

Name of Beneficiary \_\_\_\_\_

1. Set forth in the space provided below the state(s) in which you maintain your principal residence.

AZ

2. Do you maintain residence in any other states? If yes, in which state(s)?

No

3. In which state, if any, are you registered to vote?

AZ

4. In which state, if any, do you presently hold a valid driver's license?

AZ

5. Are you age 21 or older?  Yes  No

**B. INDIVIDUAL ACCREDITATION, SOPHISTICATION, AND SUITABILITY**

1. **Accredited Investor Status.** Please complete each of the following certifications:

A. I certify that I have an individual net worth (or a joint net worth with my spouse) in excess of \$1,000,000 (**excluding** homes, home furnishings and automobiles). **Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that investors subtract from their net worth the amount of indebtedness on any home owned by an investor that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount.**

Yes  No

OR

B. I certify that I had individual income (excluding any income of my spouse) of more than \$200,000 in each of the previous two calendar years, or joint income with my spouse of more than \$300,000 in each of those years, and I reasonably expect to have an individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in the current year.

Yes  No

The above information supplied by me is true and correct in all respects and I recognize that the Company is materially relying on the truth and accuracy of such information.

Dated this 10 day of Feb, 2013.

Stal Burger  
PRINT Name of Investor

Mary Burger  
PRINT Name of Co Investor, if any

[Signature]  
Signature of Investor

Mary Burger  
Signature of Co Investor, if any

II. ORGANIZATIONAL INVESTOR

A. GENERAL INFORMATION

1. Name of Organization: \_\_\_\_\_
2. Date of Organization \_\_\_\_\_
3. Fiscal Year End \_\_\_\_\_
4. State and Country of Organization \_\_\_\_\_
5. Taxpayer Identification Number \_\_\_\_\_
6. Principal Business Address \_\_\_\_\_  
\_\_\_\_\_
7. Home Telephone Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Work Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Cellular Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_
8. Type of Organization and Business Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Send Mail to: \_\_\_\_\_  
\_\_\_\_\_

10. Number of Equity Owners: \_\_\_\_\_

11. Has the subscribing Organization been formed for the specific purpose of purchasing Notes?    Yes            No

**B. ORGANIZATION ACCREDITATION, SOPHISTICATION AND SUITABILITY**

1. **Accredited Investor Status.** Please complete each of the following certifications:

1.1 The undersigned Organization certifies that EACH of its Equity Owners meets at least ONE of the following conditions:

(i) Such Equity Owner is a natural person whose individual net worth (or joint net worth with his or her spouse) exceeds \$1,000,000 (excluding homes, home furnishings and personal property). [Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that equity owners subtract from their net worth the amount of indebtedness on any home owned by an equity owner that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount]; or

(ii) Such Equity Owner is a natural person who had an individual income in excess of \$200,000 in each of the previous two calendar years, or joint net worth with his or her spouse of more than \$300,000, in each of those years and who reasonably expects to have an individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, for the current calendar year; or

(iii) Such Equity Owner of the Investor is a corporation, partnership or revocable trust and all of the shareholders, partners or grantors, respectively, of such corporation, partnership or revocable trust can answer yes to statement 1.1(i) or 1.1(ii) above.

Yes            No

1.2 The undersigned Organization is a revocable or grantor trust and each person with the power to revoke the trust qualifies as an Accredited Investor under 1.1(i) or 1.1(ii) above.

Yes            No



1.3 The undersigned Organization is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, and the investment decision is made by a Plan Fiduciary, as defined in Section 3(21) of such Act which is a bank, savings and loan association, insurance company or registered investment advisor.

Yes No

1.4 The undersigned Organization is a qualified profit sharing or defined contribution Plan, the Plan provides for segregated accounts for each Plan Participant, the governing documents of the Plan provide that each participant may direct the trustee to invest his or her funds in the investment vehicles of his or her choice and the purchase of the note(s) is made pursuant to an exercise by the Plan Participant, who is an Accredited Investor under subparagraph 1.1(i) or 1.1(ii) above, of such power to direct the investments of his or her segregated account. This Prospective Purchaser Questionnaire and the Subscription Agreement must be completed and executed by such Plan Participant.

Yes No

1.5 The undersigned Organization certifies that it is a bank as defined in Section 3(a)(2) of the Securities Act.

Yes No

1.6 The undersigned Organization certifies that it is a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act.

Yes No

1.7 The undersigned Organization certifies that it is an insurance company as defined in Section 2(13) of the Securities Act.

Yes No

1.8 The undersigned Organization certifies that it is an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940.

Yes No

1.9 The undersigned Organization certifies that it is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

Yes No

1.10 The undersigned Organization certifies that it is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

Yes            No

1.11 The undersigned Organization certifies that it has total assets in excess of \$5,000,000.

Yes            No

1.12 The undersigned Organization certifies that it is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

Yes            No

2. **Sophistication.** Person(s) making the investment decision on behalf of the Organization to purchase a Note:

Name	Organization Position
------	-----------------------

_____	_____
_____	_____

The above information supplied by the undersigned is true and correct in all respects and the undersigned recognizes that the Company is relying materially on the truth and accuracy of such information.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

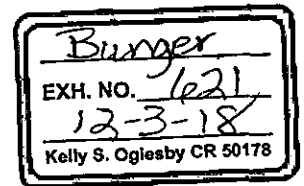
PRINT Name of Organization: \_\_\_\_\_

PRINT Name of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

PRINT Title or Capacity in which signing of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

Signature of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**



Ladies and Gentlemen:

Investment # 4

Date: April 22, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

provided to me in writing by the Company. The undersigned understands that all documents, records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

investment is suitable. The undersigned represents that the undersigned meets such suitability standards.

(g) The Note when purchased will be acquired for the account of the undersigned.

(h) The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company. The undersigned further understands that such exemptions depend upon my investment intent at the time the undersigned acquires the Note. The undersigned therefore represents and warrants that the undersigned is purchasing the Note for my own account for investment and not with a view to distribution, assignment, resale or other transfer of the Note. Except as specifically stated herein, no other person has a direct or indirect beneficial interest in the Note. Because the Note is not registered, the undersigned is aware that the undersigned must hold it indefinitely (until the Maturity Date in the Note) unless it is registered under the Act and any applicable state securities laws or the undersigned must obtain exemptions from such registration.

(i) The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time.

(j) The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements. The undersigned acknowledges that the Company is under no duty to register the Notes or comply with any exemption in connection with any attempt by me to sell, transfer or other disposition of the Note by me. The undersigned understands that in the event the undersigned desires to sell, assign, transfer, hypothecate or in any way alienate or encumber my Note in the future, the President of the Company can require that the undersigned provides, at the undersigned's own expense, an opinion of counsel satisfactory to the President to the effect that such action will not result in a violation of applicable federal or state securities laws and regulations or other applicable federal or state laws and regulations.

(k) The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire.

(l) The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising. The solicitation of an offer to purchase the Note was directly communicated to me. At no time was the undersigned presented with or solicited by or through any leaflet, public promotional meeting, circular, newspaper or

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

5. **Miscellaneous.**

(a) The undersigned agrees that the undersigned may not cancel, terminate or revoke this Subscription Agreement or any covenant hereunder and that this Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company. Further, the undersigned agrees that this Subscription Agreement and the representations, warranties and covenants contained herein shall survive my death or disability and shall be binding upon my heirs, executors, administrators, successors and assigns.

(b) This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Arizona, without regard to principles of conflicts of law provisions.

(c) Within five days after receipt of a written request from the Company, the undersigned agrees to provide such information and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and ordinances to which the Company is subject.

(d) This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: April 22, 2013

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

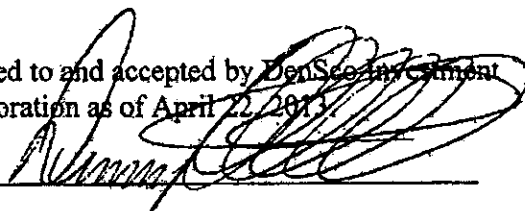
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by ~~DenSee Investment~~  
Corporation as of April 22, 2013

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President



# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place  
Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 400,000.00  
Date of Issue: 4/22/2013  
Maturity Date: 4/22/2015

## INTEREST

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 5/31/2013

## NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chittick - President

Bunger  
 EXH. NO. 6222  
 12-3-18  
 Kelly S. Ogleby CR 50178

Arizona Corporation Commission v. DenSeco Investment Corporation  
 Simon Consulting, LLC

DenSeco Investment Corporation  
 Analysis of Investor Transactions After 01/09/14

Investor Name	No. of Investor Deposits		Investor Deposits After	Investor Liabilities Balance as of 01/09/14	Investor Liabilities Balance as of 06/30/16	Notes
	On or Before 01/09/14	After 01/09/14				
Angels Investments, LLC	0	2	200,000	200,000	200,000	1 - New investor after 01/09/14
Badiani, Nishel	0	3	775,000	93,276	93,276	1 - New investor after 01/09/14
BLL Capital, LLC	0	1	87,000	80,625	80,625	1 - New investor after 01/09/14
Davis, Jack	0	1	75,000	111,502	111,502	1 - New investor after 01/09/14
LJL Capital, LLC	0	1	104,000	327,980	327,980	1 - New investor after 01/09/14
Stevenson, Thomas	0	1	300,000	19,388	19,388	1 - New investor after 01/09/14
Sundance Debt Partners, LLC	0	3	2,500,000	372,259	372,259	2 - Investor made additional deposits after 01/09/14
Weiskopf, Laurie - IRA	0	1	309,585	2,055,000	2,055,000	2 - Investor made additional deposits after 01/09/14
Weiskopf, Tom - IRA	0	1	14,525	1,019,400	1,019,400	2 - Investor made additional deposits after 01/09/14
Brinkman, Rob	4	1	250,000	589,127	589,127	2 - Investor made additional deposits after 01/09/14
Bunger, Steven	8	9	3,950,000	250,930	250,930	2 - Investor made additional deposits after 01/09/14
Fischer Family Holdings, LLC	9	1	600,000	5,500,000	5,500,000	2 - Investor made additional deposits after 01/09/14
Four Futures Corp	17	3	1,800,000	347,969	347,969	2 - Investor made additional deposits after 01/09/14
Hickman, Dale	6	1	150,000	381,227	381,227	2 - Investor made additional deposits after 01/09/14
Hughes, Bill - IRA	5	3	19,500	396,216	396,216	2 - Investor made additional deposits after 01/09/14
Hughes, Judy - IRA	5	3	19,500	146,014	146,014	2 - Investor made additional deposits after 01/09/14
Jmdteke Revocable Trust	14	2	1,500,000	1,515,000	1,515,000	2 - Investor made additional deposits after 01/09/14
Jones, Les - IRA	5	1	6,000	139,693	139,693	2 - Investor made additional deposits after 01/09/14
Kent, Mary	2	1	100,000	95,506	95,506	2 - Investor made additional deposits after 01/09/14
Ledet, Wayne	3	5	157,472	2,836,041	2,836,041	2 - Investor made additional deposits after 01/09/14
Ledet, Wayne - Roth IRA	2	1	6,500	156,220	156,220	2 - Investor made additional deposits after 01/09/14
Miller, Marv & Pat Trust	5	3	315,000	314,550	314,550	2 - Investor made additional deposits after 01/09/14
Moss Family Trust	8	1	10,000	845,000	845,000	2 - Investor made additional deposits after 01/09/14
Odenbuhl, Brian - IRA	3	2	13,000	200,000	200,000	2 - Investor made additional deposits after 01/09/14
Page, Jolene	9	1	150,000	1,096,453	1,096,453	2 - Investor made additional deposits after 01/09/14
Pearce, Marlene - IRA	2	1	5,400	98,063	98,063	2 - Investor made additional deposits after 01/09/14
Petranek, Doriann	4	1	50,000	105,000	105,000	2 - Investor made additional deposits after 01/09/14
Phalen Family Trust	11	1	100,000	135,000	135,000	2 - Investor made additional deposits after 01/09/14
Rzonca, Pete	1	1	75,031	61,213	61,213	2 - Investor made additional deposits after 01/09/14
Siegford, GE	9	1	50,000	400,475	400,475	2 - Investor made additional deposits after 01/09/14
Swirtz, Nancy	8	4	703	200,000	200,000	2 - Investor made additional deposits after 01/09/14
Wellman Family Living Trust	2	1	30,000	98,063	98,063	2 - Investor made additional deposits after 01/09/14
Wellman, Carl	3	1	10,000	105,000	105,000	2 - Investor made additional deposits after 01/09/14
Wellman, Carol - Roth IRA	2	1	3,000	135,000	135,000	2 - Investor made additional deposits after 01/09/14
Weng, Mark	4	1	50,000	61,213	61,213	2 - Investor made additional deposits after 01/09/14
Bunger, Alexander	0	1	850,000	400,475	400,475	2 - Investor made additional deposits after 01/09/14
Bunger, Cassidy	0	1	850,000	200,000	200,000	2 - Investor made additional deposits after 01/09/14
Bunger, Connor	0	1	850,000	500,000	500,000	2 - Investor made additional deposits after 01/09/14
Zones, Michael	5	1	500,000	800,000	800,000	2 - Investor made additional deposits after 01/09/14
Alber Family Trust	1	0	60,000	500,000	500,000	2 - Investor made additional deposits after 01/09/14
Brown, Craig & Joann	1	0	500,000	500,000	500,000	2 - Investor made additional deposits after 01/09/14
Bunger Estate, LLC	1	0	755,000	755,000	755,000	2 - Investor made additional deposits after 01/09/14
Burdick, Anthony - IRA	3	0	510,424	687,975	687,975	2 - Investor made additional deposits after 01/09/14
Burkhardt, Kenneth	2	0	168,000	167,546	167,546	2 - Investor made additional deposits after 01/09/14

Sirona Consulting, LLC  
Arizona Corporation Commission v. DenSeco Investment Corporation

DenSeco Investment Corporation  
Analysis of Investor Transactions After 01/09/14

Investor Name	No. of Investor Deposits		Investor Deposits After	Investor Liabilities Balance as of 01/09/14	Investor Liabilities Balance as of 06/30/16	Notes
	On or Before 01/09/14	After 01/09/14				
Bucklin, Jennifer - IRA	2	0	0	444,884	599,637	5 - Investment rollover after 01/09/14 to be confirmed
Bush, Warren	3	0	0	245,108	257,770	5 - Investment rollover after 01/09/14 to be confirmed
Butler, Mary - IRA	2	0	0	512,550	421,270	5 - Investment rollover after 01/09/14 to be confirmed
Butler, Van	4	0	0	283,884	304,417	5 - Investment rollover after 01/09/14 to be confirmed
Butler, Van - IRA	2	0	0	312,510	421,270	5 - Investment rollover after 01/09/14 to be confirmed
Byrne, Thomas & Sara Living Trust	1	0	0	250,000	250,000	5 - Investment rollover after 01/09/14 to be confirmed
Caro, McDowell Revocable Trust	3	0	0	500,000	500,000	5 - Investment rollover after 01/09/14 to be confirmed
Carrick, Erin Trust	1	0	0	200,067	200,067	5 - Investment rollover after 01/09/14 to be confirmed
Carrick, Elizabeth Trust	2	0	0	250,000	250,000	5 - Investment rollover after 01/09/14 to be confirmed
Cate, Avernil	6	0	0	100,000	100,000	5 - Investment rollover after 01/09/14 to be confirmed
Chinock, Arden	4	0	0	354,512	411,577	5 - Investment rollover after 01/09/14 to be confirmed
Clubbick, Eldon	15	0	0	750,429	871,452	5 - Investment rollover after 01/09/14 to be confirmed
Conen, Herb	3	0	0	240,000	250,000	5 - Investment rollover after 01/09/14 to be confirmed
Davis, Glen	7	0	0	592,868	730,646	5 - Investment rollover after 01/09/14 to be confirmed
Davis, Glen - IRA	1	0	0	248,999	335,999	5 - Investment rollover after 01/09/14 to be confirmed
Davis, Jack/Samantha	5	0	0	59,458	59,458	5 - Investment rollover after 01/09/14 to be confirmed
Deloia, Scott	3	0	0	235,135	213,951	5 - Investment rollover after 01/09/14 to be confirmed
Dixie, Amy - IRA	1	0	0	85,606	113,384	5 - Investment rollover after 01/09/14 to be confirmed
Duffy, Bradley - IRA	11	0	0	190,797	257,166	5 - Investment rollover after 01/09/14 to be confirmed
Dupper, Irving Trust	2	0	0	800,000	800,000	5 - Investment rollover after 01/09/14 to be confirmed
Ellick, Todd	2	0	0	200,000	209,000	5 - Investment rollover after 01/09/14 to be confirmed
Grant, Stacy - IRA	1	0	0	99,890	134,656	5 - Investment rollover after 01/09/14 to be confirmed
Christwick, Russ	2	0	0	100,000	100,000	5 - Investment rollover after 01/09/14 to be confirmed
Criswold, Russ - IRA	3	0	0	107,469	145,383	5 - Investment rollover after 01/09/14 to be confirmed
Clumbert, Michael	8	0	0	500,000	800,000	5 - Investment rollover after 01/09/14 to be confirmed
Hafliz, Nihad	2	0	0	500,000	500,000	5 - Investment rollover after 01/09/14 to be confirmed
Hamm, Limited Family Trust	11	0	0	431,643	442,650	5 - Investment rollover after 01/09/14 to be confirmed
Iley, Ralph	2	0	0	90,480	90,480	5 - Investment rollover after 01/09/14 to be confirmed
Flood, Craig	4	0	0	125,442	159,409	5 - Investment rollover after 01/09/14 to be confirmed
Frowze, Lee	1	0	0	80,000	80,000	5 - Investment rollover after 01/09/14 to be confirmed
Hughes, Bill & Judy	1	0	0	123,000	123,000	5 - Investment rollover after 01/09/14 to be confirmed
Jefferson, James	1	0	0	58,416	74,173	5 - Investment rollover after 01/09/14 to be confirmed
Kester, Ralph - IRA	1	0	0	231,421	395,487	5 - Investment rollover after 01/09/14 to be confirmed
Kish, Paul	2	0	0	251,746	251,746	5 - Investment rollover after 01/09/14 to be confirmed
Koehler, Robert - IRA	2	0	0	198,699	267,817	5 - Investment rollover after 01/09/14 to be confirmed
Kopel, Jeannina	2	0	0	197,041	121,216	5 - Investment rollover after 01/09/14 to be confirmed
Kopel, Roy - IRA	1	0	0	178,387	240,438	5 - Investment rollover after 01/09/14 to be confirmed
Lewis, Robert	1	0	0	119,814	149,134	5 - Investment rollover after 01/09/14 to be confirmed
Ledet, Wayne - IRA	3	0	0	255,907	398,703	5 - Investment rollover after 01/09/14 to be confirmed
Lee Group, Inc.	2	0	0	300,000	300,000	5 - Investment rollover after 01/09/14 to be confirmed
Lee, Terry & Li	1	0	0	100,000	100,000	5 - Investment rollover after 01/09/14 to be confirmed
Lent, Jillian - IRA	1	0	0	44,714	60,274	5 - Investment rollover after 01/09/14 to be confirmed
Lent, Manuel - IRA	1	0	0	106,308	143,287	5 - Investment rollover after 01/09/14 to be confirmed
LoSe, Bill & Jean	8	0	0	218,523	196,171	5 - Investment rollover after 01/09/14 to be confirmed

Simon Consulting, LLC  
Arizona Corporation Commission v. DenSec Investment Corporation

DenSec Investment Corporation  
Analysis of Investor Transactions After 01/09/14

Investor Name	No. of Investor Deposits		Investor Deposits After	Investor Liabilities		Investor Liabilities Balance as of	Notes
	On or Before 01/09/14	After 01/09/14		Balance as of 01/09/14	Balance as of 06/30/16		
McArdle, James	6	0	0	502,233	442,781	5 - Investment rollover after 01/09/14 to be confirmed	
McGowan, James & Lesley Trust	1	0	0	460,000	400,000	5 - Investment rollover after 01/09/14 to be confirmed	
Miller, LE Fund	1	0	0	100,000	100,000	5 - Investment rollover after 01/09/14 to be confirmed	
Miss, Mary Ann - IRA	1	0	0	291,485	99,287	5 - Investment rollover after 01/09/14 to be confirmed	
Miscak, Vince	3	0	0	500,000	500,000	5 - Investment rollover after 01/09/14 to be confirmed	
Non-Leinal Defense, Inc.	1	0	0	100,000	100,000	5 - Investment rollover after 01/09/14 to be confirmed	
Odeithal, Brian	1	0	0	170,087	209,613	5 - Investment rollover after 01/09/14 to be confirmed	
Paxton, Smalette	4	0	0	1,004,856	1,004,856	5 - Investment rollover after 01/09/14 to be confirmed	
Pridem, Jeff - IRA	2	0	0	415,227	560,067	5 - Investment rollover after 01/09/14 to be confirmed	
Preston Revocable Living Trust	2	0	0	160,000	160,000	5 - Investment rollover after 01/09/14 to be confirmed	
Saitre, LLC	2	0	0	150,000	150,000	5 - Investment rollover after 01/09/14 to be confirmed	
Standers, JoAnn	3	0	0	72,880	98,231	5 - Investment rollover after 01/09/14 to be confirmed	
Scholz Family Trust	2	0	0	166,359	181,780	5 - Investment rollover after 01/09/14 to be confirmed	
Schloz, Mary - IRA	1	0	0	128,869	173,563	5 - Investment rollover after 01/09/14 to be confirmed	
Schloz, Stanley - IRA	2	0	0	130,920	174,294	5 - Investment rollover after 01/09/14 to be confirmed	
Schloz, Stanley - IRA / GB 1Z, LLC	1	0	0	166,936	153,253	5 - Investment rollover after 01/09/14 to be confirmed	
Schrogin, Annette - IRA	1	0	0	170,096	229,264	5 - Investment rollover after 01/09/14 to be confirmed	
Schrogin, Arnette - Roth IRA	2	0	0	54,520	73,485	5 - Investment rollover after 01/09/14 to be confirmed	
Schrogin, Michael	1	0	0	150,000	150,000	5 - Investment rollover after 01/09/14 to be confirmed	
Schrogin, Michael - IRA	3	0	0	400,697	567,036	5 - Investment rollover after 01/09/14 to be confirmed	
Schrogin, Mike - Roth IRA	3	0	0	97,093	130,869	5 - Investment rollover after 01/09/14 to be confirmed	
Sherriff, Slevan	6	0	0	514,684	514,684	5 - Investment rollover after 01/09/14 to be confirmed	
Siefford, Gary	1	0	0	800,000	500,000	5 - Investment rollover after 01/09/14 to be confirmed	
Smith Trust, Tony & Saundra	4	0	0	268,047	361,287	5 - Investment rollover after 01/09/14 to be confirmed	
Smith, Tony - IRA	1	0	0	75,000	150,000	5 - Investment rollover after 01/09/14 to be confirmed	
Sterling, Donald	4	0	0	1,650,000	1,650,000	5 - Investment rollover after 01/09/14 to be confirmed	
Swift, William	4	0	0	1,887,970	2,470,820	5 - Investment rollover after 01/09/14 to be confirmed	
Thompson, Colette	18	0	0	1,578,941	1,904,503	5 - Investment rollover after 01/09/14 to be confirmed	
Thompson, Gary	1	0	0	441,735	519,358	5 - Investment rollover after 01/09/14 to be confirmed	
Trainer, Jimmy	3	0	0	122,113	137,600	5 - Investment rollover after 01/09/14 to be confirmed	
Tunlie, Steve	2	0	0	313,606	344,249	5 - Investment rollover after 01/09/14 to be confirmed	
Underwood, Wade	2	0	0	123,671	157,127	5 - Investment rollover after 01/09/14 to be confirmed	
Weng, Brian	2	0	0	0	0		
Careywood on Eagle Wings, LLC	1	0	0	0	0		
Carr, Beverly	1	0	0	0	0		
Dirk Wright Memorial	1	0	0	0	0		
Farfante, Dino	3	0	0	0	0		
Gelbricht, Jacqueline	1	0	0	0	0		
Global Quest, Inc.	2	0	0	0	0		
Gould, Scott - IRA	27	0	0	0	0		
Harvey, Chris	2	0	0	0	0		
Hickman, Kathy	1	0	0	0	0		
Hulsebus Family Trust	1	0	0	0	0		
Jones, Leslie	5	0	0	300,000	0		

Simon Consulting, LLC  
Arizona Corporation Commission v. DenSeco Investment Corporation

DenSeco Investment Corporation  
Analysis of Investor Transactions After 01/09/14

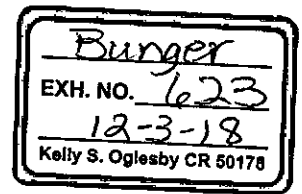
Investor Name	No. of Investor Deposits		Investor Deposits After	Investor Liabilities Balance as of	Investor Liabilities Balance as of	Notes
	On or Before 01/09/14	After 01/09/14				
Kelly, Mike	3	0	-	-	-	
Kent, Mary - IRA	1	0	-	-	-	
Kimble, Don - IRA	1	0	-	-	-	
Kimble, Donald	1	0	-	-	-	
Lent, Manuel	2	0	-	-	-	
Meikle, Gregg	1	0	-	909,000	-	
Miller, Mary & Pat Major	1	0	-	550,000	-	
Minchuk, Lawrence Trust	2	0	-	300,000	-	
Nesta Capital, Inc.	4	0	-	-	-	
Patel, Greg	1	0	-	-	-	
Pearce, Marténe	1	0	-	-	-	
Potempa, Kevin	1	0	-	-	-	
Princetonville Investment Group SW	3	0	-	100,000	-	
Quigley, Karen	3	0	-	109,059	-	
Ray, John	2	0	-	-	-	
Rivera, Ray	1	0	-	-	-	
Schloz, Stanley - Roth IRA	2	0	-	-	-	
Schreiber, John	5	0	-	-	-	
Smith Trust, Cursyn P.	6	0	-	170,334	-	
Smith Trust, McKenna	6	0	-	170,320	-	
Thermogen Holdings, LLC	1	0	-	-	-	
Tsai, Jeff	1	0	-	-	-	
Walterscheid, Leonard	1	0	-	-	-	
Weiskopf Enterprises, LLC	2	0	-	212,201	-	
Weiskopf Family Trust	3	0	-	1,287,762	-	
Will, John - IRA	1	0	-	-	-	
	69		16,636,215	54,884,930	51,588,783	

Investor Deposits After 01/09/14 - By Category:	Deposits	Investor Count
1 - New investor after 01/09/14	4,365,110	9
2 - Investor made additional deposits after 01/09/14	9,421,106	26
3 - Transfer from existing investor to new investor after 01/09/14	2,530,000	3
4 - Transfer between existing investors after 01/09/14	4,960,000	1
<b>Total Investor Deposits After 01/09/14</b>	<b>16,636,215</b>	<b>39</b>

Investments Likely Rolled Over After 01/09/14:	01/09/14 Balance	06/30/16 Balance
5 - Investment rollover after 01/09/14 to be confirmed	27,609,793	30,503,652
		\$2

Source: QuickBooks company file for DenSeco Investment Corporation.



August 2, 2017

**Re: Arizona Corporation Commission v. DenSco Investment Corporation  
Case No. CV 2016-014142**

Dear DenSco Claimant:

You are receiving this letter and the attached documents because you filed a Proof of Claim in the DenSco Receivership, currently pending in *ACC vs. DenSco Investment Corporation, Maricopa County Superior Court, Case No. CV 2016-014142*.

Pursuant to the Court's Order re: Petition No. 19, please find enclosed a copy of the Receiver's *List of Filed Claims and Claims Report and Recommendations*.

**If you agree with my recommendation with respect to your claim in the DenSco case as set forth in the Receiver's *Claims Report and Recommendations*, you do not need to do anything.**

If your Investor Claim was approved for an amount that is different than the amount stated on your Proof of Claim form, you will receive a schedule setting forth how your approved claim was calculated, including details of the underlying investment transactions.

If you disagree with my recommendation with respect to your claim in the DenSco case or any other claim set forth in the Receiver's *Claims Report and Recommendations*, you must prepare your objection, in writing, and deliver it [including all supporting documentation] to me on or before August 30, 2017. Specifically, your objection must be sent to my attention at the following address:

Mr. Peter Davis, Receiver  
c/o Simon Consulting, LLC  
3200 North Central Avenue, Suite 2460  
Phoenix, Arizona 85012

**Do not file your objection with the Court.** Once I have received all objections, I will carefully consider them and soon thereafter, I will prepare and file a report setting forth the Receiver's final recommendations with the Court. The Receiver's *Final Recommendations* will include a copy of all objections and will be mailed to you.

Eventually, the Court may hold a hearing on your objection and the Receiver's *Final Recommendations*. If so, I will ensure that you have adequate notice of any hearing.

August 2, 2017

Page 2 of 2

After all of the objections are resolved by the Court, I expect that I will be able to report to you all of the approved claims in the DenSco Receivership. Once all of the claims are approved, I intend to seek separate approval for an interim distribution of funds to approved claimants.

Should you have any questions, please do not hesitate to contact my associate Sara Beretta at [sberetta@simonconsulting.net](mailto:sberetta@simonconsulting.net) or by telephone at (602) 279-3185. Thank you for your continued patience as I continue to work through this complicated matter.

Very truly yours,



Peter S. Davis, Receiver

Simon Consulting, LLC  
Arizona Corporation Commission v. DenSco Investment Corporation

**Receivership of DenSco Investment Corporation  
List of Filed Claims**

Claim No.	Type	Investor Name	Amount of Claim
1	Investor	William & Helene Alber Family Trust	39,582.00
2	Investor	Brinkman Family Trust	382,113.38
3	Investor	Craig & Tomie Brown Living Trust	291,683.27
4	Investor	Desert Classic Investments, LLC (c/o Steven Bunger)	926,367.58
5	Investor	Steven G. & Mary E. Bunger Estate	540,600.00
6	Investor	Anthony Burdett - IRA	457,765.75
7	Investor	Kennen Burkhart	94,446.91
8	Investor	Kennen Burkhart - IRA	394,812.11
9	Investor	Warren & Fay Bush	152,113.08
10	Investor	Mary Butler - IRA	277,371.94
11	Investor	Van Butler	182,670.52
12	Investor	Van Butler - IRA	277,371.94
13	Investor	Thomas & Sara Byrne 2008 Living Trust	146,114.21
14	Investor	Gretchen P. Carrick Trust	143,946.50
15	Investor	Erin P. Carrick Trust (c/o Gretchen Carrick)	133,109.45
16	Investor	Averill Cate, Jr. & Mary Kris McIlwaine	72,260.16
17	Investor	Arden & Nina Chittick Family Trust	254,368.53
18	Investor	Chittick Family Trust (c/o Eldon & Carlene Chittick)	565,732.00
19	Investor	Cohen Revocable Trust	145,000.00
20	Investor	Dori Ann Davis Living Trust	216,701.00
21	Investor	Glen Davis	465,413.00
22	Investor	Glen Davis - IRA	220,965.00
23	Investor	Samantha Davis	35,079.23
24	Investor	Jack Davis	75,000.00
25	Investor	Scott D. Detota	121,988.78
26	Investor	Amy Lee Dirks - IRA	75,971.31
27	Investor	Bradley Mark Dirks - IRA	175,437.55
28	Investor	Non Lethal Defense, Inc. (c/o Dave Dubay)	58,000.00
29	Investor	Dupper Living Trust	528,551.20
30	Investor	Todd F. Einck Trust	115,157.20
31	Investor	Stacy Grant - IRA	88,646.95
32	Investor	Russ Griswold	58,000.00
33	Investor	Russ Griswold - IRA	95,722.97
34	Investor	Michael & Diana Gumbert Trust	464,000.00
35	Investor	Nihad Hafiz	290,000.00
36	Investor	Robert & Elizabeth Hahn Family Trust	260,581.49
37	Investor	Ralph L. Hey	54,016.39
38	Investor	Dale & Kathy Hickman	744,952.30
39	Investor	Craig & Samantha Hood	1,113,476.57
40	Investor	Doris & Levester Howze	46,400.00
41	Investor	Bill Hughes	71,250.00
42	Investor	Bill Hughes - IRA	329,420.24
43	Investor	Judy Hughes - IRA	188,044.44
44	Investor	Indieke Revocable Trust	3,682,900.00
45	Investor	James K. Jetton	50,000.00
46	Investor	Ralph Kaiser - IRA	395,487.04
47	Investor	Mary Kent	254,226.00
48	Investor	Paul A. Kent Family Trust	144,413.00



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Receivership of DenSco Investment Corporation  
List of Filed Claims

Claim No.	Type	Investor Name	Amount of Claim
49	Investor	Robert Z. Koehler - IRA	176,335.49
50	Investor	LeRoy Kopel Revocable Living Trust	84,723.26
51	Investor	LeRoy Kopel - IRA	158,309.24
52	Investor	Robert F. Lawson	95,528.12
53	Investor	Wayne J. Ledet - IRA	262,513.93
54	Investor	Wayne J. Ledet - Roth IRA	102,706.77
55	Investor	Wayne J. Ledet Revocable Trust	292,611.09
56	Investor	Terry & Lil Lee	58,000.00
57	Investor	The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00
58	Investor	Lillian Lent - Roth IRA	39,685.71
59	Investor	Manuel A. Lent - IRA	94,342.97
60	Investor	William & W. Jean Locke	156,098.00
61	Investor	BLL Capital, LLC (c/o Barry Luchtel)	87,000.00
62	Investor	LJL Capital, LLC (c/o Landon Luchtel)	104,000.00
63	Investor	Jim McArdle	307,835.00
64	Investor	James & Lesley McCoy Trust	232,000.00
65	Investor	Caro McDowell Revocable Trust	180,733.00
66	Investor	The Marvin G. Miller & Patricia S. Miller 1989 Trust	967,132.44
67	Investor	Kaylene Moss - IRA	392,877.84
68	Investor	Moss Family Trust	139,693.21
69	Investor	Muscat Family Trust	290,000.00
70	Investor	Brian & Janice Odenthal	151,819.40
71	Investor	Brian Odenthal - IRA	67,540.43
72	Investor	Jolene Page	1,757,015.53
73	Investor	Valerie Paxton	578,582.04
74	Investor	Marlene Pearce - IRA	103,725.56
75	Investor	Jeff Phalen - IRA	381,901.12
76	Investor	Phalen Family Trust	521,434.00
77	Investor	Preston Revocable Living Trust	92,126.00
78	Investor	Pete Rzonca	141,012.26
79	Investor	JoAnn Sanders	64,677.25
80	Investor	Schloz Family 1998 Trust	110,092.69
81	Investor	Mary Schloz - IRA	112,939.20
82	Investor	Stanley Schloz - IRA	113,511.83
83	Investor	GB 12, LLC (c/o Stanley Schloz)	86,000.00
84	Investor	Annette Scroggin - IRA	150,951.72
85	Investor	Annette Scroggin - Roth IRA	48,383.79
86	Investor	Michael Scroggin	87,000.00
87	Investor	Michael Scroggin - IRA	373,347.02
88	Investor	Michael Scroggin - Roth IRA	86,166.71
89	Investor	William Stewart Sherriff	86,367.90
90	Investor	Saltire, LLC (c/o William Stewart Sherriff)	86,367.90
91	Investor	Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04
92	Investor	Gary D. & Judith E. Siegford	298,516.70
93	Investor	Branson & Sandra Smith Trust	201,900.00
94	Investor	Branson Smith - IRA	237,878.22
95	Investor	Donald E. & Lucinda Sterling	23,750.00
96	Investor	Nancy Swirtz	63,432.00

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**Receivership of DenSco Investment Corporation**  
**List of Filed Claims**

<b>Claim No.</b>	<b>Type</b>	<b>Investor Name</b>	<b>Amount of Claim</b>
97	Investor	Long Time Holdings, LLC (c/o William Swirtz)	944,852.00
98	Investor	Coralee Thompson	1,347,953.90
99	Investor	Gary L. Thompson	1,189,282.70
100	Investor	James Trainor	325,614.32
101	Investor	Stephen D. Tuttle	137,600.06
102	Investor	Wade Underwood	123,739.00
103	Investor	Laurie A. Weiskopf - IRA	309,584.99
104	Investor	Thomas D. Weiskopf - IRA	14,524.59
105	Investor	Carol J. Wellman	78,983.97
106	Investor	Carol J. Wellman - Roth IRA	40,735.77
107	Investor	Wellman Family Living Trust	64,216.03
108	Investor	Brian & Carla Wenig Family Trust	157,126.76
109	Investor	Mark & Debbie Wenig	240,742.47
110	Investor	Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00
111	Investor	Michael Zones	270,382.16
112	Investor	Leslie Jones (c/o Michael Zones)	198,000.00
113	Investor	Leslie Jones - IRA (c/o Michael Zones)	231,779.45
114	Non-Investor	Clark Hill, PLC (06/01/16-08/17/16)	53,820.00
115	Non-Investor	Clark Hill, PLC (08/18/16-09/30/16)	23,046.00
116	Non-Investor	James Richard Hill, Jr.	3,255.00
117	Non-Investor	Carlisle Johnson	6,550.00
118	Non-Investor	Eric Murchinson	1,000.00
119	Non-Investor	Estate of Denny Chittick (c/o Shawna Heuer, PR)	Unknown
			<b>\$ 32,942,060.54</b>



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***Arizona Corporation Commission***  
**v.**  
***DenSco Investment Corporation***  
***(Case No. CV 2016-014142)***

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***Claims Report and Recommendations***  
***of***  
***Peter S. Davis, as Receiver of DenSco Investment Corporation***

***July 31, 2017***

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## 1. Introduction

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco Investment Corporation (“DenSco”) by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court (“Receivership Court”). This report is issued in accordance with the *Order Establishing Procedures for the Adjudication of Claims, Re: Petition No. 19*, entered on March 29, 2017 (“Claims Order”) in the above-referenced case. Pursuant to the Claims Order (§ 1.4), proofs of claim were solicited from all persons entitled to assert a claim against DenSco Investment Corporation (“DenSco”) or against any Receivership Assets, as defined in the Receivership Court’s *Order Appointing Receiver* entered on August 18, 2016 (“Receivership Order”), or any other property in the possession or control of the Receiver.

The Receiver is pleased to report that all known DenSco investors have filed a claim with the Receiver. Specifically, the Receiver has received one hundred thirteen (113) claims from the one hundred fourteen (114) known DenSco investors holding balances as of the date of the receivership<sup>1</sup> and six (6) claims from general unsecured creditors or non-investor creditors. This report sets forth the name of each claimant, the amount claimed, and the Receiver’s recommendations as to each of these claims.

## 2. Notice of Claims Process

Pursuant to the Claims Order (§ 2.1), on April 8, 2017, the Receiver caused to be mailed, by first class mail, a written notice of the DenSco claims process to each potential claimant for whom the Receiver had contact information and some indication that the person may be a creditor of DenSco. This notice included a copy of the Claims Order as well as (a) a Proof of Claim form attached as Exhibit A-1 or A-2 to Petition No. 19, and (b) a *Notice of Right to File Proof of Claim* similar to Exhibit B-1 to Petition No. 19, both of which were approved by the Court via the Claims Order.

In accordance with the Claims Order (§ 2.2), on April 18, 2017, the Receiver caused to be published in the USA Today, a newspaper of national circulation, a notice of the DenSco claims process in a form substantially similar to Exhibit B-2 to Petition No. 19, which was approved by the Court via the Claims Order. In addition, on April 20, April 27, May 4, and May 11, 2017, the Receiver caused the same notice to be published in the Arizona Business Gazette, a newspaper of general circulation within the State of Arizona.

Furthermore, during the week of June 26, 2017, the Receiver contacted various known DenSco investors from whom a claim had not yet been received to ensure that all claimants had an opportunity to submit a claim prior to the claims bar date set forth in the Claims Order.

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<sup>1</sup> One particular investor held two (2) separate DenSco investment accounts but combined the two (2) accounts onto a single claim form.

### 3. Requirements for Approval of Investor Claims

The Claims Order (§ 5) requires that no claim for interest owed to a claimant by DenSco that accrued on or after the Receivership Date shall be allowed by the Court. The Claims Order (§ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. In addition, the Claims Order (§ 5) directs the Receiver to reduce and offset against any claim, the amount of funds received by the claimant from any third party arising out of the claimant's investments with DenSco.

The Claims Order (§ 3.5) directs claimants to include copies of all documentation supporting their claims as required by the Receiver. The investor claim form requests that investor claimants provide documentation supporting their claims. However, the Receiver has preliminarily calculated each investor's claim pursuant to an extensive investigation of the financial, accounting, and investor records of DenSco.<sup>2</sup> Accordingly, the Receiver has accepted claims that did not contain supporting documentation if the amounts claimed match the Receiver's calculations. Investors who submitted claims for different amounts were required to provide documentation explaining the discrepancy.

### 4. Secured Claims

The Claims Order (§ 4.1) requires secured claimants to demonstrate by credible evidence that in accordance with applicable laws, the Claimant possesses a valid and perfected security interest in a Receivership Asset. If a Secured Claim is approved by the Court, the Claimant making that claim shall be entitled, to the extent of the secured interest, to receive the asset in which the secured interest exists or the proceeds therefrom, after reimbursement to the Receiver of such costs or expenses as the Court may determine.

The Receiver did not receive any Proofs of Claim asserting a secured claim.

### 5. Investor Claims Recommended for Approval

The Receiver recommends for approval, at this time, the following claims filed by investors in the amounts indicated below. In each case, the Receiver has determined that the claimant meets the requirements of the Claims Order. In all cases, the amount claimed by the claimant has been verified and reconciled to the DenSco records available to the Receiver.

#### 5.1. Claimants' Proof of Claim agrees with the Receiver's calculations

Of the one hundred thirteen (113) claims received from known investors, sixty-three (63) claims totaling \$19,071,205.71 agreed with the Receiver's calculations. Therefore, the Receiver recommends that the following investor claims be approved for the amounts set forth below:

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<sup>2</sup> See Exhibit 2 to the Receiver's Status Report dated 12/23/16 (Petition No. 15).

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<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>AMOUNT APPROVED</b>
Craig & Tomie Brown Living Trust	291,683.27	291,683.27
Anthony Burdett - IRA	457,765.75	457,765.75
Kemmen Burkhart	94,446.91	94,446.91
Kemmen Burkhart - IRA	394,812.11	394,812.11
Warren & Fay Bush	152,113.08	152,113.08
Mary Butler - IRA	277,371.94	277,371.94
Van Butler	182,670.52	182,670.52
Van Butler - IRA	277,371.94	277,371.94
Thomas & Sara Byrne 2008 Living Trust	146,114.21	146,114.21
Gretchen P. Carrick Trust	143,946.50	143,946.50
Cohen Revocable Trust	145,000.00	145,000.00
Jack Davis	75,000.00	75,000.00
Amy Lee Dirks - IRA	75,971.31	75,971.31
Bradley Dirks - IRA	175,437.55	175,437.55
Non Lethal Defense, Inc. (c/o Dave DuBay)	58,000.00	58,000.00
Dupper Living Trust	528,551.20	528,551.20
Todd F. Einck Trust	115,157.20	115,157.20
Stacy Grant - IRA	88,646.95	88,646.95
Russ Griswold	58,000.00	58,000.00
Russ Griswold - IRA	95,722.97	95,722.97
Michael & Diana Gumbert Trust	464,000.00	464,000.00
Nihad Hafiz	290,000.00	290,000.00
Robert & Elizabeth Hahn Family Trust	260,581.49	260,581.49
Ralph L. Hey	54,016.39	54,016.39
Doris & Levester Howze	46,400.00	46,400.00
Indieke Revocable Trust	3,682,900.00	3,682,900.00
Robert Z. Koehler - IRA	176,335.49	176,335.49
LeRoy Kopel - IRA	158,309.24	158,309.24
Robert F. Lawson	95,528.12	95,528.12
Wayne J. Ledet - IRA	262,513.93	262,513.93
Terry & Lil Lee	58,000.00	58,000.00
The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00	174,000.00
Lillian Lent - Roth IRA	39,685.71	39,685.71
Manuel A. Lent - IRA	94,342.97	94,342.97
BLL Capital, LLC (c/o Barry Luchtel)	87,000.00	87,000.00
LJL Capital, LLC (c/o Landon Luchtel)	104,000.00	104,000.00
James & Lesley McCoy Trust	232,000.00	232,000.00
Muscat Family Trust	290,000.00	290,000.00
Brian Odenthal - IRA	67,540.43	67,540.43
Jolene Page	1,757,015.53	1,757,015.53
Valerie Paxton	578,582.04	578,582.04
Pete Rzonca	141,012.26	141,012.26
JoAnn Sanders	64,677.25	64,677.25
Annette Scroggin - IRA	150,951.72	150,951.72
Annette Scroggin - Roth IRA	48,383.79	48,383.79
Michael Scroggin	87,000.00	87,000.00
Michael Scroggin - IRA	373,347.02	373,347.02
Michael Scroggin - Roth IRA	86,166.71	86,166.71
William Stewart Sherriff	86,367.90	86,367.90

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<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>AMOUNT APPROVED</b>
Saltire, LLC (c/o Stewart Sherriff)	86,367.90	86,367.90
Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04	680,105.04
Gary D. & Judith E. Siegford	298,516.70	298,516.70
Branson & Sandra Smith Trust	201,900.00	201,900.00
Branson Smith - IRA	237,878.22	237,878.22
Donald E. & Lucinda Sterling	23,750.00	23,750.00
Coralee Thompson	1,347,953.90	1,347,953.90
Gary L. Thompson	1,189,282.70	1,189,282.70
Carol J. Wellman - Roth IRA	40,735.77	40,735.77
Mark & Debbie Wenig	240,742.47	240,742.47
Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00	179,370.00
Michael Zones	270,382.16	270,382.16
Leslie Jones (c/o Michael Zones)	198,000.00	198,000.00
Leslie Jones - IRA (c/o Michael Zones)	231,779.45	231,779.45
<b>TOTAL</b>	<b>\$ 19,071,205.71</b>	<b>\$ 19,071,205.71</b>

**5.2. Claimants' Proof of Claim varies from the Receiver's calculations due to rounding**

Of the one hundred thirteen (113) claims received from known investors, fourteen (14) claims varied slightly from the Receiver's calculations due to rounding issues. The Receiver recommends that the following investor claims be approved for the amounts set forth below:

<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>RECEIVER'S ADJUSTMT.</b>	<b>AMOUNT APPROVED</b>
Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 133,109.45	\$ (2.00)	\$ 133,107.45
Dori Ann Davis Living Trust	216,701.00	0.64	216,701.64
Glen Davis	465,413.00	(1.00)	465,412.00
Glen Davis - IRA	220,965.00	0.01	220,965.01
Mary Kent	254,226.00	0.08	254,226.08
Paul A. Kent Family Trust	144,413.00	(0.20)	144,412.80
Caro McDowell Revocable Trust	180,733.00	0.33	180,733.33
Phalen Family Trust	521,434.00	(0.80)	521,433.20
Preston Revocable Living Trust	92,126.00	(0.24)	92,125.76
Nancy Swirtz	63,432.00	0.82	63,432.82
Long Time Holdings, LLC (c/o William Swirtz)	944,852.00	0.18	944,852.18
James Trainor	325,614.32	0.02	325,614.34
Carol J. Wellman	78,983.97	0.01	78,983.98
Wellman Family Living Trust	64,216.03	(0.03)	64,216.00
<b>TOTAL</b>	<b>\$ 3,706,218.77</b>	<b>\$ (2.18)</b>	<b>\$ 3,706,216.59</b>

**5.3. Claimants' Proof of Claim is based on June 2016 DenSCO statement that includes fictitious interest**

Of the one hundred thirteen (113) claims received from known investors, four (4) claimants filed claims representing their balances pursuant to the June 2016 statements issued by DenSCO. These investors did not deduct accrued or cash interest payments received after December 31, 2012, or the date of insolvency. The Receiver recommends that these claims be approved for the



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amounts set forth in Exhibit 2 to the Receiver's December 23, 2016 Status Report. Specifically, the Receiver recommends the following investor claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	RECEIVER'S ADJUSTMT.	AMOUNT APPROVED
Ralph Kaiser - IRA	\$ 395,487.04	\$ (135,090.88)	\$ 260,396.16
Kaylene Moss - IRA	392,877.84	(134,199.65)	258,678.19
Moss Family Trust	139,693.21	(48,261.94)	91,431.27
Stephen D. Tuttle	137,600.06	(52,715.01)	84,885.05
<b>TOTAL</b>	<b>\$ 1,065,658.15</b>	<b>\$ (370,267.48)</b>	<b>\$ 695,390.67</b>

**5.4. Claims that are subject to offset**

As stated above, the Claims Order (§ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. Several investors have or had multiple DenSco investment accounts, and some of these investors cashed out one or more of their investment accounts after DenSco became insolvent. As a result, certain investors received funds in excess of their principal investment in DenSco and earned a net profit. The Receiver sent demand letters seeking the return of illegal net profits, except for those profits that could be offset against net losses. Of the one hundred thirteen (113) claims received from known investors, nine (9) investor claims are subject to a potential offset for net investment profits received.

**(1) Steven Bunger, et al.**

Steven Bunger ("Bunger") filed two (2) Proofs of Claim on behalf of the Steven G. & Mary E. Bunger Estate ("Bunger Estate") and Desert Classic Investments, LLC ("Desert Classic"). These claims agree with the Receiver's calculations except they do not reflect the cash interest payments of \$7,950.00 and \$20,550.00 received from DenSco by Bunger Estate and Desert Classic respectively in June 2016. Bunger indicated that these payments were not made, but the Receiver has confirmed that all investors (except one) received interest in June 2016. Accordingly, the Receiver recommends that Bunger Estate and Desert Classic's claims be reduced by \$7,950.00 and \$20,550.00 respectively.

Furthermore, Bunger did not account for the net investment profits of \$50,000.00 each received by the Alexandra Bunger Irrevocable Trust ("Alexandra Trust"), the Cassidy Bunger Irrevocable Trust ("Cassidy Trust"), and the Connor Bunger Irrevocable Trust ("Connor Trust") for a total \$150,000.00 ("Bunger Trust Profits"). Desert Classic had a DenSco investor balance of \$4,155,000 as of April 30, 2014. On May 1, 2014, Desert Classic transferred \$850,000 of its investor balance to each of the Alexandra Trust, Cassidy Trust, and Connor Trust. DenSco disbursed interest payments totaling \$50,000 to each of the trusts in 2014. A \$300,000 portion of each of the trust balances was transferred back to Desert Classic on July 1, 2014, and the remaining \$550,000 of each of the trust balances was transferred back to Desert Classic on January 24, 2015. Therefore, the Alexandra Trust, Cassidy Trust, and Connor Trust each received net profits of \$50,000.00. Accordingly, the Receiver recommends that Bunger claims be approved for the amounts set forth below:

*Trusts' monies went back to Desert Classic*

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<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>RECEIVER'S ADJUSTMT.</b>	<b>NET PROFIT OFFSET</b>	<b>AMOUNT APPROVED</b>
Steven G. & Mary E. Bunger Estate	\$ 540,600.00	\$ (7,950.00)	-	\$ 532,650.00
Desert Classic Investments, LLC	926,367.58	(20,550.00)	(150,000.00)	755,817.58
<b>TOTAL - BUNGER</b>	<b>\$ 1,466,967.58</b>	<b>\$ (28,500.00)</b>	<b>\$ (150,000.00)</b>	<b>\$1,288,467.58</b>



**(2) Marlene Pearce, et al.**

Marlene Pearce ("Pearce") filed a Proof of Claim on behalf of the Marlene Pearce IRA ("MP-IRA") in the amount of \$103,725.56. This claim agrees with the Receiver's calculations; however, Pearce did not account for the net investment profit of \$3,988.00 received by Pearce's individual DenSco investment. Pearce's net profit resulted from cash interest payments totaling \$3,988.00 disbursed in 2013. Accordingly, the Receiver recommends that MP-IRA's claim be approved for the amount set forth below:

<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>NET PROFIT OFFSET</b>	<b>AMOUNT APPROVED</b>
Marlene Pearce - IRA	\$ 103,725.56	\$ (3,988.00)	\$ 99,737.56
<b>TOTAL - PEARCE</b>	<b>\$ 103,725.56</b>	<b>\$ (3,988.00)</b>	<b>\$ 99,737.56</b>

**(3) Stanley & Mary Schloz, et al.**

Stanley & Mary Schloz ("Schloz") filed four (4) Proofs of Claim on behalf of the Schloz Family 1998 Trust, the Mary Schloz IRA, the Stanley Schloz IRA, and GB 12, LLC. These claims agreed with the Receiver's calculations; however, Schloz did not account for the net investment profit of \$1,860.45 received by the Stanley Schloz Roth IRA ("SS-Roth"). SS-Roth's net profit resulted from a cash interest payment of \$1,860.45 disbursed in 2013. Accordingly, the Receiver recommends that the Schloz claims be approved for the amounts set forth below:

<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>NET PROFIT OFFSET</b>	<b>AMOUNT APPROVED</b>
Mary Schloz - IRA	\$ 112,939.20	-	\$ 112,939.20
GB 12, LLC	86,000.00	-	86,000.00
Schloz Family 1998 Trust	110,092.69	-	110,092.69
Stanley Schloz - IRA	113,511.83	(1,860.45)	111,651.38
<b>TOTAL - SCHLOZ</b>	<b>\$ 422,543.72</b>	<b>\$ (1,860.45)</b>	<b>\$ 420,683.27</b>

The Receiver has preliminarily offset SS-Roth's net investment profit against the Stanley Schloz IRA's claim; however, the Receiver will permit Schloz to select one or more of the above referenced claims to be offset by SS-Roth's net investment profit.

**(4) Thomas D. & Laurie A. Weiskopf, et al.**

Thomas D. & Laurie A. Weiskopf ("Weiskopf") filed two (2) Proofs of Claim on behalf of their individual IRA investment accounts. These claims agreed with the Receiver's calculations; however, Weiskopf did not account for the net investment profit of \$49,876.48 received by Weiskopf Enterprises, LLC ("Weiskopf Enterprises") or \$212,669.05 received by the Weiskopf Family Living Trust ("Weiskopf Trust"). Weiskopf Enterprises' net profit resulted from cash

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interest payments totaling \$49,876.48 in 2015. Likewise, the Weiskopf Trust's net profit resulted from cash interest payments totaling \$212,669.05 disbursed from 2014 through 2015. Accordingly, the Receiver recommends that the Weiskopf claims be approved for the amounts set forth below:

<b>INVESTOR CLAIMANT</b>	<b>AMOUNT CLAIMED</b>	<b>NET PROFIT OFFSET</b>	<b>AMOUNT APPROVED</b>
Laurie A. Weiskopf - IRA	\$ 309,584.99	\$ (262,545.53)	\$ 47,039.46
Thomas D. Weiskopf - IRA	14,524.59	-	14,524.59
<b>TOTAL - WEISKOPF</b>	<b>\$ 324,109.58</b>	<b>\$ (262,545.53)</b>	<b>\$ 61,564.05</b>

The Receiver has preliminarily offset the net investment profits received by Weiskopf Enterprises and the Weiskopf Trust against the Laurie Weiskopf IRA's claim; however, the Receiver will permit Weiskopf to select one or more of the above referenced claims to be offset by Weiskopf Enterprises and the Weiskopf Trust's net investment profits.

**5.5. Claims that require additional discussion**

Of the one hundred thirteen (113) claims received from known investors, twenty-three (23) investor claims require an individual explanation of the claim filed and the Receiver's recommendation.

**(1) William & Helene Alber Family Trust**

The William & Helene Alber Family Trust ("Alber") filed a Proof of Claim in the amount of \$39,582.00. The Receiver has determined that Alber's claim does not reflect the cash interest payment of \$498.00 received from DenSco in June 2016. Accordingly, the Receiver recommends that Alber's claim be reduced by \$498.00 and approved in the amount of \$39,084.00.

**(2) Brinkman Family Trust**

The Brinkman Family Trust ("Brinkman") filed a Proof of Claim in the amount of \$382,113.38. The Receiver has determined that Brinkman's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$243,117.44, whereas DenSco's records indicate that Brinkman earned accrued interest of \$105,448.51. Brinkman did not account for interest totaling \$137,668.93 that was disbursed in cash from 2002 through 2012. Accordingly, the Receiver recommends that Brinkman's claim be reduced by \$137,668.93 and approved in the amount of \$244,444.45.

**(3) Averill Cate, Jr. & Mary Kris McIlwaine**

Averill Cate, Jr. & Mary Kris McIlwaine ("Cate") filed a Proof of Claim in the amount of \$72,260.16. The Receiver has determined that Cate's claim reflects cash interest payments totaling \$31,341.66 from 2013 through 2016, whereas DenSco's records indicate that Cate received cash disbursements totaling \$35,773.48 during this period. Accordingly, the Receiver

recommends that Cate's claim be reduced by \$4,431.82<sup>3</sup> and approved in the amount of \$67,828.34.

**(4) Arden & Nina Chittick Family Trust**

The Arden & Nina Chittick Family Trust ("A&N Chittick") filed a Proof of Claim in the amount of \$254,368.53. The Receiver has determined that A&N Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$114,890.62, whereas DenSco's records indicate that A&N Chittick earned accrued interest of \$114,611.08. Accordingly, the Receiver recommends that A&N Chittick's claim be reduced by \$279.55<sup>4</sup> and approved in the amount of \$254,088.98.

**(5) Eldon & Carlene Chittick Family Trust**

The Eldon & Carlene Chittick Family Trust ("E&C Chittick") filed a Proof of Claim in the amount of \$565,732.00. The Receiver has determined that E&C Chittick's claim does not reflect principal investments totaling \$383,776.18 or principal and interest withdrawals totaling \$398,203.24. In addition, E&C Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$82,232.00, whereas DenSco's records indicate that E&C Chittick earned accrued interest of \$20,111.33. Accordingly, the Receiver recommends that E&C Chittick's claim be reduced by \$76,547.73<sup>5</sup> and approved in the amount of \$489,184.27.

**(6) Samantha Davis**

Samantha Davis ("Davis") filed a Proof of Claim in the amount of \$35,079.23. Davis asserts an initial principal investment of \$80,279.23 in November 2009; however, DenSco's records indicate that Davis actually invested \$65,832.67 in November 2004. DenSco issued a new General Obligation Note in the amount of \$80,279.23 just before Davis' original investment matured; however, email correspondence between Jack Davis and Denny Chittick indicates that the note was modified after Davis withdrew \$20,000.00 in late October 2009.

In addition, Davis' claim does not reflect an additional \$35,000.00 withdrawal in November 2008 or accrued but unpaid interest earned through December 31, 2012 totaling \$48,625.17. Finally, Davis' claim reflects cash interest payments totaling \$25,200.00 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Davis received cash disbursements totaling \$25,222.82 during this period. Accordingly, the Receiver recommends that BH-IRA's claim be reduced by \$844.21<sup>6</sup> and approved in the amount of \$34,235.02.

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<sup>3</sup> \$31,341.66 - \$35,773.48 = -4,431.82.

<sup>4</sup> \$114,611.08 - \$114,890.62 - \$0.01 statement rounding error = -\$279.55.

<sup>5</sup> \$383,776.18 - \$398,203.24 + [\$20,111.33 - \$82,232.00] = -\$76,547.73.

<sup>6</sup> [\$65,832.67 - \$80,279.23] - \$35,000.00 + \$48,625.17 + [\$25,200.00 - \$25,222.82] = -\$844.21.

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**(7) Scott D. DeTota**

Scott D. DeTota (“DeTota”) filed a Proof of Claim in the amount of \$121,988.78. DeTota asserts a total principal investment of \$151,230.78; however, DenSco’s records indicate that DeTota actually invested \$50,000.00 in November 2007, July 2010, and February 2013, for a total principal investment of \$150,000.00. Accordingly, the Receiver recommends that BH-IRA’s claim be reduced by \$1,230.78<sup>7</sup> and approved in the amount of \$120,758.00.

**(8) Dale & Kathy Hickman**

Dale & Kathy Hickman (“Hickman”) filed a Proof of Claim in the amount of \$744,952.30. The Receiver has determined that Hickman’s claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$269,952.30, whereas DenSco’s records indicate that Hickman earned accrued interest of \$262,377.17. In addition, Hickman’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Hickman received cash interest payments totaling \$64,085.44 during this period. Accordingly, the Receiver recommends that Hickman’s claim be reduced by \$71,660.57<sup>8</sup> and approved in the amount of \$673,291.73.

**(9) Craig & Samantha Hood**

Craig & Samantha Hood (“Hood”) filed a Proof of Claim in the amount of \$1,113,476.57. The Receiver has determined that Hood’s claim does not reflect a withdrawal of \$50,000.00 in November 2012 and two (2) withdrawals totaling \$69,550.00 in June 2013. The Receiver analyzed the accounting and bank records of DenSco to confirm that these withdrawals occurred and provided Hood with the supporting documentation identified. Hood agreed that the withdrawals did in fact occur.

In addition, Hood calculated additional accrued but unpaid interest of \$1,005.00 based on the belief that the 2012 withdrawal was reported in error on Hood’s DenSco statements. Accordingly, the Receiver recommends that Hood’s claim be reduced by \$120,555.01<sup>9</sup> and approved in the amount of \$992,921.56.

**(10) Bill Hughes**

Bill Hughes (“Hughes”) filed a Proof of Claim in the amount of \$71,250.00. The Receiver has determined that Hughes’ claim reflects cash interest payment of \$1,250.00 for interest earned in July 2016, whereas DenSco’s records indicate that no investors received interest payments in July 2016. Accordingly, the Receiver recommends that Hughes’ claim be increased by \$1,250.00 and approved in the amount of \$72,500.00.

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<sup>7</sup> \$150,000.00 – \$151,230.78 = -\$1,230.78.

<sup>8</sup> [\$262,377.17 – \$269,952.30] – \$64,085.44 = -\$71,660.57

<sup>9</sup> -\$50,000.00 – \$69,550.00 – \$1,005.00 – \$0.01 statement rounding error = -\$120,555.01.

**(11) Bill Hughes - IRA**

The Bill Hughes IRA (“BH-IRA”) filed a Proof of Claim in the amount of \$329,420.24. The Receiver has determined that BH-IRA’s claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA’s claim reflects cash interest payments totaling \$46,610.16 for interest earned in 2016, whereas DenSco’s records indicate that BH-IRA only received cash disbursements totaling \$35,087.62 during 2016. Accordingly, the Receiver recommends that BH-IRA’s claim be increased by \$18,022.55<sup>10</sup> and approved in the amount of \$347,442.79.

**(12) Judy Hughes - IRA**

The Judy Hughes IRA (“JH-IRA”) filed a Proof of Claim in the amount of \$188,044.44. The Receiver has determined that JH-IRA’s claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA’s claim reflects cash interest payments totaling \$24,443.00 for interest earned in 2016, whereas DenSco’s records indicate that JH-IRA only received cash disbursements totaling \$14,795.80 during 2016. Finally, JH-IRA’s claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,332.98, whereas DenSco’s records indicate that JH-IRA earned accrued interest of \$33,429.78. Accordingly, the Receiver recommends that BH-IRA’s claim be reduced by \$36,756.00<sup>11</sup> and approved in the amount of \$151,288.44.

**(13) James K. Jetton**

James Jetton (“Jetton”) filed a Proof of Claim in the amount of \$50,000.00. Jetton’s claim reflects only the investor’s principal balance and does not account for interest accruals or disbursements. DenSco’s records indicate that Jetton earned accrued but unpaid interest totaling \$1,841.32 through December 31, 2012. In addition, Jetton’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Jetton received two (2) cash interest payments of \$1,994.55 each in March and June 2015, for a total of \$3,989.10. Accordingly, the Receiver recommends that Jetton’s claim be reduced by \$2,147.78<sup>12</sup> and approved in the amount of \$47,852.22.

**(14) LeRoy Kopel Revocable Living Trust**

The LeRoy Kopel Revocable Living Trust (“Kopel”) filed a Proof of Claim in the amount of \$84,723.26. The Receiver has determined that Kopel’s claim does not reflect a principal investment of \$100,000.00 paid to DenSco in November 2013, or the withdrawal of that investment plus interest for a total of \$119,104.54 in November 2015. In addition, Kopel’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Kopel received two (2) cash disbursements of \$6,727.74 each in March and June

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<sup>10</sup> \$6,500.00 + [\$46,610.16 – \$35,087.62] + \$0.01 statement rounding error = \$18,022.55.

<sup>11</sup> \$6,500.00 + [\$24,443.00 – \$14,795.80] + [\$33,429.78 – \$86,332.98] = -\$36,756.00.

<sup>12</sup> \$1,841.32 – \$3,989.10 = -\$2,147.78.

2015, for a total of \$13,455.48. Accordingly, the Receiver recommends that Kopel's claim be reduced by \$32,560.02<sup>13</sup> and approved in the amount of \$52,163.24.

**(15) Wayne J. Ledet - Roth IRA**

The Wayne Ledet Roth IRA ("WL-Roth") filed a Proof of Claim in the amount of \$102,706.77. The Receiver has determined that WL-Roth's claim does not reflect an additional investment of \$6,000.00 paid to DenSco in February 2013. In addition, WL-Roth's claim does not reflect withdrawals of \$6,867.00 on March 20, 2014 and \$7,471.58 on March 31, 2015 (the 2015 withdrawal was subsequently deposited to the Wayne J. Ledet Revocable Trust's investment account). Accordingly, the Receiver recommends that WL-Roth's claim be reduced by \$8,338.58<sup>14</sup> and approved in the amount of \$94,368.19.

**(16) Wayne J. Ledet Revocable Trust**

The Wayne J. Ledet Revocable Trust ("Ledet") filed a Proof of Claim in the amount of \$292,611.09. The Receiver has determined that Ledet's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$21,370.07, whereas DenSco's records indicate that Ledet earned accrued interest of \$18,400.15. In addition, Ledet's claim reflects cash interest payments totaling \$61,797.56 for interest earned during 2013 through 2016, whereas DenSco's records indicate that Ledet only received cash disbursements totaling \$59,732.64 during that time. Accordingly, the Receiver recommends that Ledet's claim be reduced by \$905.00<sup>15</sup> and approved in the amount of \$291,706.09.

**(17) William & W. Jean Locke**

William & Jean Locke ("Locke") filed a Proof of Claim in the amount of \$156,098.00. The Receiver has determined that Locke's claim does not reflect principal investments totaling \$125,000.00 or principal and interest withdrawals totaling \$136,067.82. In addition, Locke's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,393.00, whereas DenSco's records indicate that Locke earned accrued interest of \$55,373.38. Finally, Locke's claim reflects cash interest payments totaling \$40,295.00 from 2013 through 2016, whereas DenSco's records indicate that Locke received cash disbursements totaling \$44,526.82. Accordingly, the Receiver recommends that Locke's claim be reduced by \$46,319.26<sup>16</sup> and approved in the amount of \$109,778.74.

**(18) Jim McArdle**

Jim McArdle ("McArdle") filed a Proof of Claim in the amount of \$307,835.00. The Receiver has determined that McArdle's claim does not reflect an additional investment of \$50,000 paid to DenSco in March 2011, or the withdrawal of that investment plus interest for a total of

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<sup>13</sup> \$100,000.00 - \$119,104.54 - \$13,455.48 = -\$32,560.02.

<sup>14</sup> \$6,000.00 - \$6,867.00 - \$7,471.58 = -\$8,338.58.

<sup>15</sup> [\$18,400.15 - \$21,370.07] + [\$61,797.56 - \$59,732.64] = -\$905.00.

<sup>16</sup> \$125,000.00 - \$136,067.82 + [\$55,373.38 - \$86,393.00] + [\$40,295.00 - \$44,526.82] = -\$46,319.26.

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\$59,471.86 in May 2014. In addition, McArdle's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$62,781.00, whereas DenSco's records indicate that McArdle earned accrued interest of \$42,209.67. Finally, McArdle's claim reflects cash interest payments totaling \$234,946.00 from 2013 through 2016, whereas DenSco's records indicate that McArdle only received cash disbursements totaling \$205,004.88 during this period. Accordingly, the Receiver recommends that McArdle's claim be reduced by \$102.07<sup>17</sup> and approved in the amount of \$307,732.93.

**(19) The Marvin G. Miller & Patricia S. Miller 1989 Trust**

Marvin and Patricia Miller ("Miller") held three (3) separate DenSco investment accounts in the names of the Marvin G. Miller & Patricia S. Miller 1989 Trust ("Miller Trust"), LF Fund, and Marvin G. Miller & Pat S. Miller 1989 Trust—Major ("Major"). Miller filed a single Proof of Claim in the amount of \$967,132.44 encompassing all three (3) investment accounts. According to DenSco's records, the Major investment account was withdrawn in May 2014, resulting in a net profit. Miller's claim appropriately offsets Major's net profit against Miller's net losses by consolidating the three (3) investment accounts into a single Proof of Claim.

Miller's claim reflects cash interest payments totaling \$647,867.56 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Miller only received cash disbursements totaling \$618,857.97 during this period. The Receiver noted that Miller calculated its claim based on the interest earnings reported on the statements issued by DenSco; however, the Receiver identified three (3) discrepancies in the information reported by DenSco to Miller.

First, the DenSco statements issued to the Miller Trust for total interest earned during 2014 erroneously included \$23,896.33 in interest earned by Major, which was also included on the statements issued to Major; thus, this amount was double-counted. Second, the DenSco statements issued to LF Fund inaccurately reflect total interest earnings of \$4,496.62 in 2013, as September 2013's earnings of \$733.26 were erroneously duplicated—LF Fund's actual interest earnings totaled \$3,763.36 during 2013. Third, the DenSco statements issued to Major inaccurately reflect total interest earnings of \$40,480.00 in 2014, as September 2014's earnings of \$6,440.00 were erroneously duplicated—Major's actual interest earnings totaled \$34,040.00 during 2013.

In addition, Miller relied on the March 2014 statement issued by DenSco to Major, which did not include the \$2,060.00 in interest paid to Major in April 2014. Accordingly, the Receiver recommends that Miller's claim be increased by \$29,009.59<sup>18</sup> and approved in the amount of \$996,142.03.

**(20) Brian & Janice Odenthal**

Brian & Janice Odenthal ("Odenthal") filed a Proof of Claim in the amount of \$151,819.40. The Receiver has determined that Odenthal's claim reflects cash interest payments totaling

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<sup>17</sup> \$50,000.00 – \$59,471.86 + [\$42,209.67 – \$62,781.00] + [\$234,946.00 – \$205,004.88] = -\$102.07.

<sup>18</sup> \$23,896.33 + \$733.26 + \$6,440.00 – \$2,060.00 = \$29,009.59.



\$18,180.60 from 2013 through 2016, whereas DenSco's records indicate that Odenthal received cash interest payments totaling \$35,602.89 during this period. Odenthal did not account for three (3) cash interest payments of \$5,807.43 each in March, June, and September 2015, for a total of \$17,422.29. Accordingly, the Receiver recommends that Odenthal's claim be reduced by \$17,422.29 and approved in the amount of \$134,397.11.

**(21) Jeff Phalen - IRA**

The Jeff Phalen IRA ("JP-IRA") filed a Proof of Claim in the amount of \$381,901.12. The Receiver has determined that JP-IRA's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$31,901.12, whereas DenSco's records indicate that JP-IRA earned accrued interest of \$30,967.74. The Receiver noted that the statements issued by DenSco to Phalen inaccurately reflect total interest earnings of \$5,905.52 in 2011, as October 2011's earnings of \$933.38 were erroneously duplicated—JP-IRA's actual interest earnings totaled \$4,972.14 during 2011. Accordingly, the Receiver recommends that JP-IRA's claim be reduced by \$933.38 and approved in the amount of \$380,967.74.

**(22) Wade Underwood**

Wade Underwood ("Underwood") filed a Proof of Claim in the amount of \$123,739.03. The Receiver has determined that Underwood's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$51,496.95, whereas DenSco's records indicate that Underwood earned accrued interest totaling \$21,768.83. Underwood did not account for interest totaling \$29,728.12 that was disbursed in cash from 2007 through 2011. Accordingly, the Receiver recommends that Underwood's claim be reduced by \$29,728.12 and approved in the amount of \$94,010.95.

**(23) Brian & Carla Wenig Family Trust**

The Brian & Carla Wenig ("Wenig") Family Trust filed a Proof of Claim in the amount of \$157,126.76. The Receiver has determined that Wenig's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$42,126.76; however, Wenig did not invest in DenSco until April 2013. This amount actually reflects the accrued but unpaid interest earned from 2013 through 2016. In addition, Wenig's claim did not reflect any cash interest disbursements from 2013 through 2016, whereas DenSco's records indicate that Wenig received cash disbursements totaling \$8,450.46 during this period. Accordingly, the Receiver recommends that Wenig's claim be reduced by \$50,577.22<sup>19</sup> and approved in the amount of \$106,549.54.

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<sup>19</sup>         $-\$42,126.76 - \$8,450.46 = -\$50,577.22.$

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## 6. Non-Investor Claims

The Receiver received six (6) non-investor claims. The Receiver's recommendations with respect to these claims are set forth below.

### (1) Clark Hill, PLC – First Claim

Clark Hill, PLC ("Clark Hill") filed an initial non-investor Proof of Claim in the amount of \$53,820.00 for unpaid legal services provided to DenSco from June 1, 2016 through August 17, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's first claim for \$53,820.00 be denied.

### (2) Clark Hill, PLC – Second Claim

Clark Hill filed a second non-investor Proof of Claim in the amount of \$23,046.00 for unpaid legal services provided to DenSco from August 18, 2016 through September 30, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's second claim for \$23,046.00 be denied.

### (3) Shawna Heuer, Personal Representative for the Estate of Denny Chittick

Shawna Heuer ("Heuer") filed a non-investor Proof of Claim as the Personal Representative for the Estate of Denny Chittick ("Chittick Estate") and identified the basis for the Chittick Estate's claim as "other form of contract." Heuer described the Chittick Estate's claim as follows:

*Denny Chittick ("Chittick") was the sole shareholder, director, and officer of DenSco Investment Corporation ("DenSco"). Chittick is now deceased, and this claim is submitted by the Estate of Denny Chittick and its personal representative, Shawna C. Heuer (collectively, the "Estate"). This claim seeks indemnification and contribution from the Receivership for all liabilities incurred by the Estate (or imposed on the beneficiaries of the Estate) that arise out of or relate in any manner to DenSco, including but not limited to (i) Chittick's ownership of DenSco (which shall include, but not be limited to, federal and state tax consequences borne by or imposed upon Chittick or the Estate resulting from the tax reporting previously or hereafter made by DenSco, whether related to (a) the recognition of income, recognition of losses, and claims for tax refunds arising as the result of the recognition of losses, which refunds the Estate or the Receivership may hereafter pursue, or (b) determinations made by the Receiver that*

*certain tax attributes claimed by DenSco were improperly characterized, and the resulting consequences of treating those tax attributes in the manner which the Receiver deems to be more correct, including without limitation, reporting involving vehicles that were intended, or appear to have been intended, to have qualified as deferred compensation plans), (ii) Chittick's operation and management of DenSco, (iii) acts undertaken by Chittick on behalf of or for the benefit of DenSco, whether as an officer, employee, agent, director or shareholder of DenSco, or as a fiduciary in respect of any deferred compensation plans sponsored by DenSco, and (iv) duties owed by Chittick to third parties as a result of Chittick's ownership and management of DenSco or actions undertaken by Chittick on behalf of DenSco. The amount of this claim is currently unknown.*

The Chittick Estate's creditor claim is based on a hypothetical set of facts and circumstances and for an unknown monetary amount. In short, the Chittick Estate appears to have filed its claim in an effort to preserve its rights to seek future "indemnification" if the Chittick Estate suffers some apparent economic damage as a result of the administration of the Receivership Estate. Currently, the Receiver and the Chittick Estate are in complicated negotiations to resolve a series of issues relating to the tax refunds, deferred compensation, and the DenSco Defined Benefit Plan, which the Chittick Estate is concerned may give rise to its future claims.

The Receiver recommends that the Court defer approval or denial of the Chittick Estate's claim. The deferral of the adjudication of the Chittick Estate's claim is reasonable because it is for an unknown amount under facts and circumstances that have not yet arisen. Moreover, it is fundamentally unfair to the other DenSco creditors to have to wait to receive an interim distribution from the Receivership Estate for an indefinite time until the Chittick Estate creditor claim comes into existence. Accordingly, the Receiver recommends that Chittick Estate's creditor claim is deferred indefinitely.

**(4) James Richard Hill, Jr.**

The Receiver received a written request for a claim form from James Richard Hill, Jr. ("Hill") in May 2017. Hill provided his return address, which the Receiver's investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Hill filed a Non-Investor Proof of Claim for an unsecured claim of \$3,255.00 and identified the basis for his claim as "goods purchased." Murchinson described his claim as follows:

*Unable to specify. House broken into. Property stolen. Documents lost.*

There is no evidence that DenSco had any business or other relationship with Hill. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Hill's claim be denied.

**(5) Carlyle Johnson**

The Receiver received a written request for a claim form from Carlyle Johnson (“Johnson”) in May 2017. Johnson provided his return address, which the Receiver’s investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Johnson filed a Non-Investor Proof of Claim for an unsecured claim of \$6,550.00 and identified the basis for his claim as “services performed.” Johnson did not provide a description of his claim or any supporting documentation. The Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false claims in the hopes that they will be approved and paid.

There is no evidence that DenSco had any business or other relationship with Johnson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Johnson’s claim be denied.

**(6) Eric Murchinson**

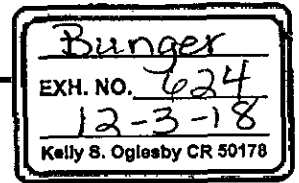
The Receiver received a written request for a claim form from Eric Murchinson (“Murchinson”) in May 2017. The handwritten request was delivered in an envelope from the Federal Correctional Complex in Coleman, Florida. Murchinson filed a Non-Investor Proof of Claim for an unsecured claim of \$1,000.00 and identified the basis for his claim as “money loaned.” Murchinson described his claim as follows:

*I have loaned money for investment. I had a little trouble and my documentation paper got lost in my moving here in Coleman, Florida prison. I’m sorry. But it was for school supplies and books for urban kids.*

There is no evidence that DenSco had any business or other relationship with Murchinson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Murchinson’s claim be denied.

Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 2/28/2013 2:47:13 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement February  
**Attachments:** Statement\_5.pdf



Investors: Steven

I'll be sending out the formal invite for the DenSco Dinner Party for March 16<sup>th</sup>.

Please find attached your monthly statement.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT February 2013

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$1,000,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15

**Total Investment \$1,000,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

#### Monthly Account

Interest

Interest Paid

Sub Total

#### Total Balance

**\$1,000,000.00**

\$6,999.93

\$6,999.93

**\$1,000,000.00**

**\$1,000,000.00**

### INTEREST EARNED

Year

2013

Earnings

\$6,999.93

**Total Earnings**

**\$6,999.93**

Thank you for investing with DenScol

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 March 2013

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$3,000,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15

**Total Investment \$3,000,000.00**

## INVESTMENT ACCOUNTS

### Accrual Account

Interest

Sub Total

### Quarterly Account

Interest

Interest Paid

Sub Total

### Monthly Account

Interest

Interest Paid

Sub Total

**Total Balance**

**\$3,000,000.00**

\$26,999.83

\$26,999.83

**\$3,000,000.00**

**\$3,000,000.00**

## INTEREST EARNED

Year

2013

Earnings

\$33,999.76

**Total Earnings**

**\$33,999.76**

Thank you for investing with DenSco!

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
 April 2013

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$3,000,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	\$3,000,000.00
Monthly Account	Interest
	Interest Paid
Sub Total	\$3,000,000.00
<b>Total Balance</b>	<b>\$3,000,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
<b>Total Investment</b>		<b>\$3,000,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$68,399.93
<b>Total Earnings</b>	<b>\$68,399.93</b>

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/31/2013 7:00:00 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT May 2013

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$3,150,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
\$150,000.00	04/22/13	04/22/15

**Total Investment \$3,150,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

#### Monthly Account

Interest

Interest Paid

Sub Total

#### Total Balance

**\$3,150,000.00**

**\$31,500.00**

**\$31,500.00**

**\$3,150,000.00**

**\$3,150,000.00**

### INTEREST EARNED

Year  
 2013

Earnings  
**\$102,366.59**

**Total Earnings**

**\$102,366.59**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/28/2013 7:00:14 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I've updated the photos of the sample properties

<http://www.denscoinvestment.com/properties.html>

I've updated the quarterly newsletter

<http://www.denscoinvestment.com/newsletter.html>

It will be 118 by the time most of you read this today.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 June 2013

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$3,150,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
\$150,000.00	04/22/13	04/22/15

**Total Investment \$3,150,000.00**

## INVESTMENT ACCOUNTS

Accrual Account	Interest	
Sub Total		
Quarterly Account	Interest	
	Interest Paid	
Sub Total		\$3,150,000.00
Monthly Account	Interest	\$31,500.00
	Interest Paid	\$31,500.00
Sub Total		\$3,150,000.00
<b>Total Balance</b>		<b>\$3,150,000.00</b>

## INTEREST EARNED

Year	Earnings
2013	\$130,366.42

**Total Earnings \$130,366.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2013 3:17:36 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I thought this would be as good as time as any to tell you that I'm going to have to soon quit accepting money from my current investors.

Between the organic growth of the interest that accrues, and profits, plus what you are adding to your investments, the law of large numbers are working against me.

Not too worry, nothing is wrong. I just need to be able to manage the business in the confines of time that I've set for myself (grade school hours) and it's getting harder to do that.

Thus I believe by the end of the year I'll quit accepting money. Those of you that have IRA's, I'll keep accepting those annual contributions, because they are small.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2013

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Troyita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$3,450,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
\$150,000.00	04/22/13	04/22/15
\$300,000.00	07/23/13	07/23/15

**Total Investment \$3,450,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$3,450,000.00**

#### Monthly Account

Interest

\$32,400.00

Interest Paid

\$32,400.00

Sub Total

**\$3,450,000.00**

**Total Balance**

**\$3,450,000.00**

### INTEREST EARNED

Year  
2013

Earnings  
\$162,766.42

**Total Earnings**

**\$162,766.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/30/2013 2:03:56 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

Have a great holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT August 2013

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bungler  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$3,450,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
\$150,000.00	04/22/13	04/22/15
\$300,000.00	07/23/13	07/23/15

**Total Investment \$3,450,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$3,450,000.00**

#### Monthly Account

Interest \$34,500.00

Interest Paid \$34,500.00

Sub Total

**\$3,450,000.00**

**Total Balance**

**\$3,450,000.00**

### INTEREST EARNED

Year  
2013

Earnings  
**\$197,266.42**

**Total Earnings**

**\$197,266.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2013 4:54:57 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

It's end of Quarter, so I've updated the sample photos:

<http://denscoinvestment.com/properties.html>

I've also updated my newsletter:

<http://denscoinvestment.com/newsletter.html>

As I said in the past, I won't be accepting any more money after the end of the year. The growth in this quarter reaffirms that this is the right strategy.

The next logical step is have everyone received their interest either monthly or quarterly. The only exceptions would be the IRA's. I'm not planning

to force this right now. It's just a thought at this point, as well as to give you plenty of notice.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2013

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$3,450,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$1,000,000.00	03/05/13	03/05/15
\$1,000,000.00	03/08/13	03/08/15
\$150,000.00	04/22/13	04/22/15
\$300,000.00	07/23/13	07/23/15

**Total Investment \$3,450,000.00**

### INVESTMENT ACCOUNTS

Accrual Account	Interest	
Sub Total		
Quarterly Account	Interest	
	Interest Paid	
Sub Total		\$3,450,000.00
Monthly Account	Interest	\$34,500.00
	Interest Paid	\$34,500.00
Sub Total		\$3,450,000.00
<b>Total Balance</b>		<b>\$3,450,000.00</b>

### INTEREST EARNED

Year	Earnings
2013	\$231,766.42

**Total Earnings \$231,766.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/29/2014 6:41:02 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

I'm heading to Idaho this week, it's stupid hot down here! Have a great 4<sup>th</sup> of July!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2014

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bungler
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$1,605,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$605,000.00	03/08/13	03/08/15
<b>Total Investment</b>		<b>\$1,605,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	<b>\$1,605,000.00</b>
Monthly Account	Interest
	Interest Paid
Sub Total	<b>\$1,605,000.00</b>
<b>Total Balance</b>	<b>\$1,605,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$191,800.00
<b>Total Earnings</b>	<b>\$505,216.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2014 6:07:01 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

For many of you summer is just in the swing, for my boys it ends today! School starts tomorrow!

I finally understand why when I was growing up my parents favorite holiday was labor day! For us school started the next day...

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2014

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$1,605,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$2,505,000.00
Monthly Account	
Interest	\$25,050.00
Interest Paid	\$25,050.00
Sub Total	\$2,505,000.00
<b>Total Balance</b>	<b>\$2,505,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15
<b>Total Investment</b>		<b>\$2,505,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$216,850.00
<b>Total Earnings</b>	<b>\$530,266.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/29/2014 1:10:23 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I don't work holiday weekends, so you get your statements today!

Have a safe and enjoyable holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 August 2014

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$2,505,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15

**Total Investment \$2,505,000.00**

## INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$25,050.00  
 Interest Paid \$25,050.00  
 Sub Total \$2,505,000.00

**Total Balance \$2,505,000.00**

## INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$241,900.00

**Total Earnings \$555,316.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2014 6:02:58 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2014

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,505,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total  
 Monthly Account  
 Interest \$25,050.00  
 Interest Paid \$25,050.00  
 Sub Total \$2,505,000.00  
**Total Balance \$2,505,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15

**Total Investment \$2,505,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$266,950.00

**Total Earnings \$580,366.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2014 4:35:07 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

Halloween on a Friday! It's like Christmas Eve tonight!

Give away lots of candy, so there's less to eat for you!

I've never like candy, even as a kid. I used to trick o' treat, then

keep the candy in my room, and sell the little bit size candy bars to my dad for a quarter!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2014

INVESTOR	
Name	Desert Classic Investments, LLC Steven Burger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$2,505,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	
Monthly Account	
Interest	\$25,050.00
Interest Paid	\$25,050.00
Sub Total	\$2,505,000.00
<b>Total Balance</b>	<b>\$2,505,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15
<b>Total Investment</b>		<b>\$2,505,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$292,000.00
<b>Total Earnings</b>	<b>\$605,416.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/28/2014 5:43:42 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I'm sure you are all out exercising at the mall today!

Hope you had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2014

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,505,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15

**Total Investment \$2,505,000.00**

### INVESTMENT ACCOUNTS

Accrual Account	Interest	
Sub Total		
Quarterly Account	Interest	
	Interest Paid	
Sub Total		\$2,505,000.00
Monthly Account	Interest	\$25,050.00
	Interest Paid	\$25,050.00
Sub Total		\$2,505,000.00
<b>Total Balance</b>		<b>\$2,505,000.00</b>

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$317,050.00

**Total Earnings \$630,466.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/27/2014 7:33:52 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

Yes it's a little early, but I'm headed up to ID tomorrow with the boys to go snowboarding. It's easier to do the whole end of month process in front of my multiple screens and in the quiet of my office and not with the noise of my boys and nephews!

I need to make another change in 2015. As in past years, I've needed to make adjustments. A few years ago I quit taking new investors, and then accepting new money in. With the market less stressed, there are fewer opportunities. I'm finding it harder to keep all the cash at work all the time. The spring is coming and that will see a pickup in demand, as did the month of December. Those are more seasonal times. To continue to constrain the size of the portfolio I'm requesting that everyone that is presently accruing interest, to take the interest monthly or quarterly. This will not affect IRA's or Roth IRA's. Those of you that have part of your interest paid and part of it accruing, it will all be paid now.

I will need a few things from you.

1. Name of account
2. Checking or savings account?
3. ABA#, Bank name, and Account # - you can find these on the bottom of your check
4. If you want the money paid monthly or quarterly.

As your notes mature I will renew them for the paying monthly or quarterly. You will receive your interest payments electronically the last business day of the month.

I appreciate your flexibility with this change.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2014

### INVESTOR

**Name** Desert Classic Investments, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,505,000.00**

### INVESTMENT ACCOUNTS

**Accrual Account**  
 Interest  
 Sub Total  
**Quarterly Account**  
 Interest  
 Interest Paid  
 Sub Total

**Monthly Account**  
 Interest \$25,050.00  
 Interest Paid \$25,050.00  
 Sub Total \$2,505,000.00

**Total Balance \$2,505,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15

**Total Investment \$2,505,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00

**Total Earnings \$655,516.42**

Thank you for investing with DenSco!



Message

---

**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement January  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

We have 348 days of sunshine, when the world is depending on, it rains.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT January 2015

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$4,155,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$4,155,000.00</b>
Monthly Account	
Interest	\$41,550.00
Interest Paid	\$41,550.00
Sub Total	\$4,155,000.00
<b>Total Balance</b>	<b>\$4,155,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$4,155,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$41,550.00
<b>Total Earnings</b>	<b>\$697,066.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 1/30/2015 7:13:23 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement January  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

We have 348 days of sunshine a year, when the world is depending on us to deliver, it rains.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT January 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$4,155,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/15
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16

**Total Investment \$4,155,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$41,550.00  
 Interest Paid \$41,550.00  
 Sub Total \$4,155,000.00

**Total Balance \$4,155,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$41,550.00

**Total Earnings \$697,066.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 2/27/2015 2:36:25 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement February  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

Look forward to seeing all of you that can make it for the DenSco Dinner Party!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT February 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$4,155,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/15
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16

**Total Investment \$4,155,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total **\$4,155,000.00**  
 Monthly Account  
 Interest \$41,550.00  
 Interest Paid \$41,550.00  
 Sub Total \$4,155,000.00  
**Total Balance \$4,155,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$343,416.42
2014	\$342,100.00
2015	\$83,100.00

**Total Earnings \$738,616.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 3/31/2015 5:31:31 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement March  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

I have another quarter in the books.

Newsletter:

<http://denscoinvestment.com/newsletter.html>

Sample of house photos:

<http://denscoinvestment.com/properties.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT March 2015

### INVESTOR

**Name** Desert Classic Investments, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$4,155,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16

**Total Investment \$4,155,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$4,155,000.00**

#### Monthly Account

Interest \$41,550.00

Interest Paid \$41,550.00

Sub Total

**\$4,155,000.00**

#### Total Balance

**\$4,155,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$124,650.00

**Total Earnings \$780,166.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 4/30/2015 5:31:10 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement April  
**Attachments:** Statement\_5.pdf

Investors: Steven

Please find attached your monthly statement.

The worst month of the year is over! It's really just one day I hate.

Now the heat is on the way!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**April 2015**

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bungler
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$4,155,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$4,155,000.00
Monthly Account	
Interest	\$41,550.00
Interest Paid	\$41,550.00
Sub Total	\$4,155,000.00
<b>Total Balance</b>	<b>\$4,155,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$4,155,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$166,200.00
<b>Total Earnings</b>	<b>\$821,716.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/29/2015 7:25:18 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement. Summer is coming, school is nearly out, sports are nearly over and now I'll be told "I'm bored!"

Enjoy your summer!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**May 2015**

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$3,955,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$550,000.00	05/01/14	05/01/16
\$550,000.00	05/01/14	05/01/16
\$350,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$3,955,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	\$3,955,000.00
Monthly Account	Interest
	Interest Paid
Sub Total	\$3,955,000.00
<b>Total Balance</b>	<b>\$3,955,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$205,750.00
<b>Total Earnings</b>	<b>\$861,266.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/30/2015 6:07:36 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_5.pdf

Investors: Steven

You should see your payments tomorrow. I've attached your statement.

You can read the newsletter:

<http://denscoinvestment.com/newsletter.html>

See a sample of the houses I've done loan on:

<http://denscoinvestment.com/properties.html>

Have a great 4<sup>th</sup> of July

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2015

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$3,155,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$3,155,000.00</b>
Monthly Account	
Interest	\$31,550.00
Interest Paid	\$31,550.00
Sub Total	<b>\$3,155,000.00</b>
<b>Total Balance</b>	<b>\$3,155,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$550,000.00	05/01/14	05/01/16
\$100,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$3,155,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$240,615.00
<b>Total Earnings</b>	<b>\$896,132.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2015 6:30:39 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

For us summer is over! Boys are back to school, trips are over, but the

Heat is still here!

Enjoy your summer!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 July 2015

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$2,555,000.00**

## INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$25,550.00  
 Interest Paid \$25,550.00  
 Sub Total \$2,555,000.00

**Total Balance \$2,555,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$50,000.00	05/01/14	05/01/16

**Total Investment \$2,555,000.00**

## INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$269,066.00

**Total Earnings \$924,582.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/31/2015 5:15:47 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement Aug  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

I hope you had a great Aug and enjoy your Labor day. Boys start soccer Monday, for them it's better than Christmas!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Call: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT August 2015

### INVESTOR

**Name** Desert Classic Investments, LLC  
 Steven Bungler  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,555,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$50,000.00	05/01/14	05/01/16

**Total Investment \$2,555,000.00**

### INVESTMENT ACCOUNTS

**Accrual Account**  
 Interest  
 Sub Total  
**Quarterly Account**  
 Interest  
 Interest Paid  
 Sub Total

**\$2,555,000.00**

**Monthly Account**  
 Interest \$25,550.00  
 Interest Paid \$25,550.00  
 Sub Total \$2,555,000.00

**Total Balance \$2,555,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$294,616.00

**Total Earnings \$950,132.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2015 6:12:54 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

The website has been updated with the newsletter:

<http://www.denscoinvestment.com/newsletter.html>

A sample of properties:

<http://www.denscoinvestment.com/properties.html>

We already on fall break! Never heard of it? I never had one either.

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,555,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$900,000.00	07/01/14	07/01/16
\$605,000.00	03/08/13	03/08/17
\$50,000.00	05/01/14	05/01/15

**Total Investment \$2,555,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$2,555,000.00**

#### Monthly Account

Interest \$25,550.00

Interest Paid \$25,550.00

Sub Total

**\$2,555,000.00**

**Total Balance \$2,555,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$318,416.42
2014	\$342,100.00
2015	\$320,166.00

**Total Earnings \$975,682.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/30/2015 6:20:29 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

You are receiving your statement a day early. Tomorrow is full of sports and begging for candy.

It will be a busy day!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$1,955,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

#### Monthly Account

Interest \$19,550.00

Interest Paid \$19,550.00

Sub Total

**\$1,955,000.00**

**\$1,955,000.00**

**Total Balance**

**\$1,955,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$955,000.00	07/01/14	07/01/16

**Total Investment**

**\$1,955,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$318,416.42
2014	\$342,100.00
2015	\$341,966.00

**Total Earnings**

**\$997,482.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/30/2015 6:26:11 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

I hope everyone had a great Thanksgiving and looking forward to Christmas!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$1,955,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total  
 Monthly Account  
 Interest \$19,550.00  
 Interest Paid \$19,550.00  
 Sub Total \$1,955,000.00  
**Total Balance \$1,955,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$955,000.00	07/01/14	07/01/16

**Total Investment \$1,955,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$361,516.00

**Total Earnings \$1,017,032.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 1/29/2016 5:45:47 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement January  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

I've mailed all your 1099's. You should receive them next few days.

I'm planning on having the DenSco Dinner Party March 5<sup>th</sup>, mark your calenders!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2015

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Troyita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$1,955,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$755,000.00	07/01/14	07/01/16

**Total Investment: \$1,755,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$1,755,000.00**

#### Monthly Account

Interest

Interest Paid

Sub Total

\$17,550.00

\$17,550.00

**\$1,755,000.00**

#### Total Balance

**\$1,755,000.00**

### INTEREST EARNED

#### Year

#### Earnings

2013

\$313,416.42

2014

\$342,100.00

2015

\$379,366.00

#### Total Earnings

**\$1,034,882.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 1/29/2016 5:45:47 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement January  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

I've mailed all your 1099's. You should receive them next few days.

I'm planning on having the DenSco Dinner Party March 5<sup>th</sup>, mark your calenders!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT January 2016

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$1,655,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	<b>\$1,655,000.00</b>
Monthly Account	Interest
	Interest Paid
Sub Total	<b>\$1,655,000.00</b>
<b>Total Balance</b>	<b>\$1,655,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/16
<b>Total Investment</b>		<b>\$1,655,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$15,550.00
<b>Total Earnings</b>	<b>\$1,050,432.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 2/29/2016 5:51:24 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement February  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

I look forward to seeing many of you this weekend!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT February 2016

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Troyita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$2,055,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$2,055,000.00
Monthly Account	
Interest	\$16,550.00
Interest Paid	\$16,550.00
Sub Total	\$2,055,000.00
<b>Total Balance</b>	<b>\$2,055,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/16
\$400,000.00	02/26/16	02/26/18
<b>Total Investment</b>		<b>\$2,055,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$32,100.00
<b>Total Earnings</b>	<b>\$1,066,982.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 3/31/2016 5:55:42 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement March  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

Here is the newsletter for this quarter:

<http://denscoinvestment.com/newsletter.html>

I've updated the sample list of properties:

<http://denscoinvestment.com/properties.html>

thanks to those that came to the DenSco Dinner party!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT March 2016

### INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$2,055,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$20,550.00  
 Interest Paid \$20,550.00  
 Sub Total \$2,055,000.00

**Total Balance \$2,055,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/18
\$400,000.00	02/26/16	02/26/18

**Total Investment \$2,055,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$52,550.00

**Total Earnings \$1,087,532.42**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 4/29/2016 5:52:33 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement April  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

April is over, May is a few days away, that means summer is coming!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 April 2016

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$2,055,000.00**

## INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$20,550.00  
 Interest Paid \$20,550.00  
 Sub Total \$2,055,000.00

**Total Balance \$2,055,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/16
\$400,000.00	02/26/16	02/26/18

**Total Investment \$2,055,000.00**

## INTEREST EARNED

Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$73,200.00

**Total Earnings \$1,108,082.42**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/31/2016 6:55:42 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

School is out this week, it will be 110 by the weekend, Summer is here!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
 May 2016

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$2,055,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$2,055,000.00
Monthly Account	
Interest	\$20,550.00
Interest Paid	\$20,550.00
Sub Total	\$2,055,000.00
<b>Total Balance</b>	<b>\$2,055,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
-\$655,000.00	07/01/14	07/01/16
-\$400,000.00	02/26/16	02/26/18
<b>Total Investment</b>		<b>\$2,055,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$318,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$93,750.00
<b>Total Earnings</b>	<b>\$1,128,632.42</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/29/2016 2:22:18 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_5.pdf

Investors: Steven

Attached is your statement.

I'm sending these out a little early. We are headed to Idaho for the 4<sup>th</sup>.

I've updated my newsletter: (or it should be soon)

<http://denscoinvestment.com/newsletter.html>

I've updated the sample photos of houses

<http://denscoinvestment.com/properties.html>

Have a great 4<sup>th</sup> of July!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 June 2016

## INVESTOR

Name Desert Classic Investments, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$2,055,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/16
\$400,000.00	02/26/16	02/26/18

**Total Investment \$2,055,000.00**

## INVESTMENT ACCOUNTS

Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$2,055,000.00
Monthly Account	
Interest	\$20,550.00
Interest Paid	\$20,550.00
Sub Total	\$2,055,000.00
<b>Total Balance</b>	<b>\$2,055,000.00</b>

## INTEREST EARNED

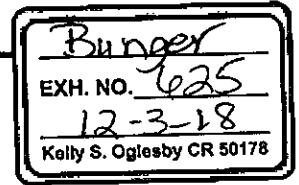
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$114,300.00

**Total Earnings \$1,149,182.42**

Thank you for investing with DenSco!

Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2013 6:21:29 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_6.pdf



Investors: Steven

Please find attached your monthly statement.

Did you know it's Halloween tomorrow? My boys are quite aware!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
October 2013

## INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
Steven Bunger  
Address 6134 W Trovita Pl  
Chandler, AZ 85226  
Phone 480-961-4002

## INVESTMENT ACCOUNTS

### Accrual Account

Interest

Sub Total

### Quarterly Account

Interest

Interest Paid

Sub Total

\$795,000.00

### Monthly Account

Interest

Interest Paid

Sub Total

\$7,950.00

\$7,950.00

\$795,000.00

Total Balance

\$795,000.00

## CURRENT INVESTMENT BALANCE

\$795,000.00

## INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

Total Investment

\$795,000.00

## INTEREST EARNED

Year  
2013

Earnings  
\$7,950.00

Total Earnings

\$7,950.00

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/29/2013 2:45:41 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I hope everyone had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2013

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4902

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

**Accrual Account**  
 Interest  
 Sub Total  
**Quarterly Account**  
 Interest  
 Interest Paid  
 Sub Total  
**Monthly Account**  
 Interest \$7,950.00  
 Interest Paid \$7,950.00  
 Sub Total \$795,000.00  
**Total Balance \$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment \$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$15,900.00

**Total Earnings \$15,900.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/28/2013 6:42:02 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I'm doing this a bit earlier, we are leaving tomorrow to go snowboarding.

It's end of Quarter, so I've updated the sample photos:

<http://denscoinvestment.com/properties.html>

I've also updated my newsletter:

<http://denscoinvestment.com/newsletter.html>

As I said in the past, I won't be accepting any more money after the end of the year. The growth in this quarter reaffirms that this is the right strategy.

The next logical step is have everyone received their interest either monthly or quarterly. The only exceptions would be the IRA's. I'm not planning

to force this right now. It's just a thought at this point, as well as to give you plenty of notice.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2013

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
<b>Total Earnings</b>	<b>\$23,850.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/30/2014 3:21:32 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

When I create these statements, there are about 15 steps in the spreadsheet. I skipped one which updated the total interest YTD.

I've corrected this, the attached statement is correct.

Sorry for the error, thanks Warren.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT May 2014

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$39,750.00
<b>Total Earnings</b>	<b>\$63,600.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/29/2014 6:41:02 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.htm>

I'm heading to Idaho this week, it's stupid hot down here! Have a great 4<sup>th</sup> of July!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2014

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment \$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

### INTEREST EARNED

#### Year

2013

#### Earnings

\$23,850.00

2014

\$47,700.00

**Total Earnings**

**\$71,550.00**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2014 6:07:01 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

For many of you summer is just in the swing, for my boys it ends today! School starts tomorrow!

I finally understand why when I was growing up my parents favorite holiday was labor day! For us school started the next day...

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2014

### INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment**

**\$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$55,650.00

**Total Earnings**

**\$79,500.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/29/2014 1:10:23 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I don't work holiday weekends, so you get your statements today!

Have a safe and enjoyable holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**August 2014**

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$63,600.00
<b>Total Earnings</b>	<b>\$87,450.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2014 6:02:58 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2014

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

**Accrual Account**  
 Interest  
 Sub Total  
**Quarterly Account**  
 Interest  
 Interest Paid  
 Sub Total  
**Monthly Account**  
 Interest \$7,950.00  
 Interest Paid \$7,950.00  
 Sub Total \$795,000.00  
**Total Balance \$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment \$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$71,550.00

**Total Earnings \$95,400.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2014 4:35:07 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

Halloween on a Friday! It's like Christmas Eve tonight!

Give away lots of candy, so there's less to eat for you!

I've never like candy, even as a kid. I used to trick o' treat, then

keep the candy in my room, and sell the little bit size candy bars to my dad for a quarter!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2014

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$79,500.00
<b>Total Earnings</b>	<b>\$103,350.00</b>

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/28/2014 5:43:42 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I'm sure you are all out exercising at the mall today!

Hope you had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2014

### INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$7,950.00  
 Interest Paid \$7,950.00  
 Sub Total \$795,000.00

**Total Balance \$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment \$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$87,450.00

**Total Earnings \$111,300.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/27/2014 7:33:52 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

Yes it's a little early, but I'm headed up to ID tomorrow with the boys to go snowboarding. It's easier to do the whole end of month process in front of my multiple screens and in the quiet of my office and not with the noise of my boys and nephews!

I need to make another change in 2015. As in past years, I've needed to make adjustments. A few years ago I quit taking new investors, and then accepting new money in. With the market less stressed, there are fewer opportunities. I'm finding it harder to keep all the cash at work all the time. The spring is coming and that will see a pickup in demand, as did the month of December. Those are more seasonal times. To continue to constrain the size of the portfolio I'm requesting that everyone that is presently accruing interest, to take the interest monthly or quarterly. This will not affect IRA's or Roth IRA's. Those of you that have part of your interest paid and part of it accruing, it will all be paid now.

I will need a few things from you.

1. Name of account
2. Checking or savings account?
3. ABA#, Bank name, and Account # - you can find these on the bottom of your check
4. If you want the money paid monthly or quarterly.

As your notes mature I will renew them for the paying monthly or quarterly. You will receive your interest payments electronically the last business day of the month.

I appreciate your flexibility with this change.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2014

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
<b>Total Earnings</b>	<b>\$119,250.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 1/30/2015 7:13:23 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement January  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

We have 348 days of sunshine a year, when the world is depending on us to deliver, it rains.

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 January 2015

## INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$795,000.00**

## INVESTMENT ACCOUNTS

### Accrual Account

Interest

Sub Total

### Quarterly Account

Interest

Interest Paid

Sub Total

### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

\$795,000.00

\$795,000.00

**Total Balance**

**\$795,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment**

**\$795,000.00**

## INTEREST EARNED

Year	Earnings
2013	\$28,850.00
2014	\$95,400.00
2015	\$7,950.00

**Total Earnings**

**\$127,200.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 2/27/2015 2:36:25 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement February  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

Look forward to seeing all of you that can make it for the DenSco Dinner Party!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT February 2015

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment \$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$28,850.00
2014	\$95,400.00
2015	\$15,900.00

**Total Earnings**

**\$135,150.00**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 3/31/2015 5:31:31 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement March  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

I have another quarter in the books.

Newsletter:

<http://denscoinvestment.com/newsletter.html>

Sample of house photos:

<http://denscoinvestment.com/properties.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**March 2015**

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC
Address	Steven Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$23,850.00
<b>Total Earnings</b>	<b>\$143,100.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 4/30/2015 5:31:10 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement April  
**Attachments:** Statement\_6.pdf

Investors: Steven

Please find attached your monthly statement.

The worst month of the year is over! It's really just one day I hate.

Now the heat is on the way!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 April 2015

## INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Troylta Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$795,000.00**

## INVESTMENT ACCOUNTS

### Accrual Account

Interest

Sub Total

### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment**

**\$795,000.00**

## INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$31,800.00

**Total Earnings**

**\$151,050.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/29/2015 7:25:18 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement. Summer is coming, school is nearly out, sports are nearly over and now I'll be told "I'm bored!"

Enjoy your summer!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT May 2015

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
<b>Accrual Account</b>	
Interest	
Sub Total	
<b>Quarterly Account</b>	
Interest	
Interest Paid	
Sub Total	\$795,000.00
<b>Monthly Account</b>	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$39,750.00
<b>Total Earnings</b>	<b>\$159,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/30/2015 6:07:36 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_6.pdf

Investors: Steven

You should see your payments tomorrow. I've attached your statement.

You can read the newsletter:

<http://denscoinvestment.com/newsletter.html>

See a sample of the houses I've done loan on:

<http://denscoinvestment.com/properties.html>

Have a great 4<sup>th</sup> of July

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2015

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$47,700.00
<b>Total Earnings</b>	<b>\$166,950.00</b>

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2015 6:30:39 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_6.pdf

investors: Steven

Attached is your statement.

For us summer is over! Boys are back to school, trips are over, but the

Heat is still here!

Enjoy your summer!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2015

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC
Address	Steven Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$29,850.00
2014	\$95,400.00
2015	\$55,650.00
<b>Total Earnings</b>	<b>\$174,900.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/31/2015 5:15:47 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement Aug  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

I hope you had a great Aug and enjoy your Labor day. Boys start soccer Monday, for them it's better than Christmas!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT August 2015

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$63,600.00
<b>Total Earnings</b>	<b>\$182,850.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2015 6:12:54 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

The website has been updated with the newsletter:

<http://www.denscoinvestment.com/newsletter.html>

A sample of properties:

<http://www.denscoinvestment.com/properties.html>

We already on fall break! Never heard of it? I never had one either.

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2015

### INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Troyita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15

**Total Investment**

**\$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$28,850.00
2014	\$95,400.00
2015	\$71,550.00

**Total Earnings**

**\$190,800.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/30/2015 6:20:29 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

You are receiving your statement a day early. Tomorrow is full of sports and begging for candy.

It will be a busy day!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2015

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17

**Total Investment \$795,000.00**

### INVESTMENT ACCOUNTS

<b>Accrual Account</b>	
Interest	
<b>Sub Total</b>	
<b>Quarterly Account</b>	
Interest	
Interest Paid	
<b>Sub Total</b>	<b>\$795,000.00</b>
<b>Monthly Account</b>	
Interest	\$7,950.00
Interest Paid	\$7,950.00
<b>Sub Total</b>	<b>\$795,000.00</b>
<b>Total Balance</b>	<b>\$795,000.00</b>

### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$79,500.00

**Total Earnings \$198,750.00**

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/30/2015 6:26:11 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

I hope everyone had a great Thanksgiving and looking forward to Christmas!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2015

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/15
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$87,450.00
<b>Total Earnings</b>	<b>\$206,700.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 1/29/2016 5:45:51 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

It's end of year and I have updated the newsletter

<http://denscoinvestment.com/newsletter.html>

I also have a sample of the properties

<http://denscoinvestment.com/properties.html>

I hope everyone has a great new year!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2015

### INVESTOR

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17

**Total Investment \$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance \$795,000.00**

### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00

**Total Earnings \$214,650.00**

Thank you for investing with DenSco!

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT January 2016

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$7,950.00
<b>Total Earnings</b>	<b>\$135,150.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 2/29/2016 5:51:24 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement February  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

I look forward to seeing many of you this weekend!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT February 2016

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Troyita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$795,000.00
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$15,900.00
<b>Total Earnings</b>	<b>\$230,550.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 3/31/2016 5:55:42 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement March  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

Here is the newsletter for this quarter:

<http://denscoinvestment.com/newsletter.html>

I've updated the sample list of properties:

<http://denscoinvestment.com/properties.html>

thanks to those that came to the DenSco Dinner party!

Thx

dc



# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT March 2016

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC
Address	Steven Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$795,000.00</b>
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	<b>\$795,000.00</b>
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$23,850.00
<b>Total Earnings</b>	<b>\$238,500.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 4/29/2016 5:52:33 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement April  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

April is over, May is a few days away, that means summer is coming!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT April 2016

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17
<b>Total Investment</b>		<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	
	<b>\$795,000.00</b>
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$31,800.00
<b>Total Earnings</b>	<b>\$246,450.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/31/2016 6:55:42 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

School is out this week, it will be 110 by the weekend, Summer is here!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT May 2016

INVESTOR	
Name	Steven G and Mary E Bunger Estate, LLC Steven Bunger
Address	6134-W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$795,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$795,000.00</b>
Monthly Account	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	<b>\$795,000.00</b>
<b>Total Balance</b>	<b>\$795,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17
<b>Total Investment</b>		<b>\$795,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$39,750.00
<b>Total Earnings</b>	<b>\$254,400.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 6/29/2016 2:22:18 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_6.pdf

Investors: Steven

Attached is your statement.

I'm sending these out a little early. We are headed to Idaho for the 4<sup>th</sup>.

I've updated my newsletter: (or it should be soon)

<http://denscoinvestment.com/newsletter.html>

I've updated the sample photos of houses

<http://denscoinvestment.com/properties.html>

Have a great 4<sup>th</sup> of July!

Thx

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2016

### INVESTOR

**Name** Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
**Address** 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$795,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$795,000.00**

#### Monthly Account

Interest \$7,950.00

Interest Paid \$7,950.00

Sub Total

**\$795,000.00**

**Total Balance**

**\$795,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17

**Total Investment**

**\$795,000.00**

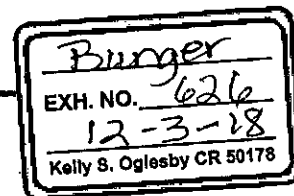
### INTEREST EARNED

Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$47,700.00

**Total Earnings**

**\$262,350.00**

Thank you for investing with DenSco!



Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/30/2014 3:21:32 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

When I create these statements, there are about 15 steps in the spreadsheet. I skipped one which updated the total interest YTD.

I've corrected this, the attached statement is correct.

Sorry for the error, thanks Warren.

Thanks,

dc



# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**May 2014**

INVESTOR	
Name	Cassidy Elizabeth Bunger Irrevocable Trust
Address	Cassidy Bunger 6134 W Troyita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$850,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$850,000.00</b>
Monthly Account	
Interest	\$8,500.00
Interest Paid	\$8,500.00
Sub Total	<b>\$850,000.00</b>
<b>Total Balance</b>	<b>\$850,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$850,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$8,500.00
<b>Total Earnings</b>	<b>\$8,500.00</b>

Thank you for investing with DenSco!

Message

---

**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

I'm heading to Idaho this week, it's stupid hot down here! Have a great 4<sup>th</sup> of July!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2014

### INVESTOR

**Name** Cassidy Elizabeth Bunger Irrevocable Trust  
**Address** Cassidy Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$850,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$850,000.00**

#### Monthly Account

Interest \$8,500.00

Interest Paid \$8,500.00

Sub Total

**\$850,000.00**

**Total Balance**

**\$850,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/16

**Total Investment**

**\$850,000.00**

### INTEREST EARNED

Year

2014

Earnings

\$17,000.00

**Total Earnings**

**\$17,000.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2014 6:07:01 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

For many of you summer is just in the swing, for my boys it ends today! School starts tomorrow!

I finally understand why when I was growing up my parents favorite holiday was labor day! For us school started the next day...

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2014

INVESTOR	
Name	Cassidy Elizabeth Bunger Irrevocable Trust
Address	Cassidy Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	\$550,000.00
Monthly Account	Interest \$5,500.00
	Interest Paid \$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/15
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$22,500.00
<b>Total Earnings</b>	<b>\$22,500.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/29/2014 1:10:23 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

I don't work holiday weekends, so you get your statements today!

Have a safe and enjoyable holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT August 2014

INVESTOR	
Name	Cassidy Elizabeth Bunger Irrevocable Trust
Address	Cassidy Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4802

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$550,000.00
Monthly Account	
Interest	\$5,500.00
Interest Paid	\$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$28,000.00
<b>Total Earnings</b>	<b>\$28,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2014 6:02:58 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc



# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2014

INVESTOR	
Name	Cassidy Elizabeth Bunger Irrevocable Trust
Address	Cassidy Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	\$550,000.00
Monthly Account	Interest \$5,500.00
	Interest Paid \$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$33,500.00
<b>Total Earnings</b>	<b>\$33,500.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2014 4:35:07 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

Halloween on a Friday! It's like Christmas Eve tonight!

Give away lots of candy, so there's less to eat for you!

I've never like candy, even as a kid. I used to trick o' treat, then

keep the candy in my room, and sell the little bit size candy bars to my dad for a quarter!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2014

INVESTOR	
Name	Cassidy Elizabeth Bunger Irrevocable Trust
Address	Cassidy Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	<b>\$550,000.00</b>
Monthly Account	Interest
	Interest Paid
Sub Total	<b>\$550,000.00</b>
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$39,000.00
<b>Total Earnings</b>	<b>\$39,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/28/2014 5:43:42 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

I'm sure you are all out exercising at the mall today!

Hope you had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2014

### INVESTOR

**Name** Cassidy Elizabeth Bunger Irrevocable Trust  
**Address** Cassidy Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT ACCOUNTS

**Accrual Account**  
 Interest  
 Sub Total  
**Quarterly Account**  
 Interest  
 Interest Paid  
 Sub Total  
**Monthly Account**  
 Interest \$5,500.00  
 Interest Paid \$5,500.00  
 Sub Total \$550,000.00  
**Total Balance \$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/15

**Total Investment \$550,000.00**

### INTEREST EARNED

Year	Earnings
2014	\$44,500.00

**Total Earnings \$44,500.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/27/2014 7:33:52 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_8.pdf

Investors: Cassidy

Please find attached your monthly statement.

Yes it's a little early, but I'm headed up to ID tomorrow with the boys to go snowboarding. It's easier to do the whole end of month process in front of my multiple screens and in the quiet of my office and not with the noise of my boys and nephews!

I need to make another change in 2015. As in past years, I've needed to make adjustments. A few years ago I quit taking new investors, and then accepting new money in. With the market less stressed, there are fewer opportunities. I'm finding it harder to keep all the cash at work all the time. The spring is coming and that will see a pickup in demand, as did the month of December. Those are more seasonal times. To continue to constrain the size of the portfolio I'm requesting that everyone that is presently accruing interest, to take the interest monthly or quarterly. This will not affect IRA's or Roth IRA's. Those of you that have part of your interest paid and part of it accruing, it will all be paid now.

I will need a few things from you.

1. Name of account
2. Checking or savings account?
3. ABA#, Bank name, and Account # - you can find these on the bottom of your check
4. If you want the money paid monthly or quarterly.

As your notes mature I will renew them for the paying monthly or quarterly. You will receive your interest payments electronically the last business day of the month.

I appreciate your flexibility with this change.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2014

### INVESTOR

**Name** Cassidy Elizabeth Bunger Irrevocable Trust  
**Address** Cassidy Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
**Phone** 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$550,000.00**

#### Monthly Account

Interest \$5,500.00

Interest Paid \$5,500.00

Sub Total

**\$550,000.00**

**Total Balance**

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment**

**\$550,000.00**

### INTEREST EARNED

**Year**  
2014

**Earnings**  
\$50,000.00

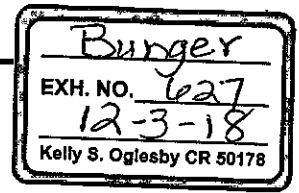
**Total Earnings**

**\$50,000.00**

Thank you for investing with DenSco!

Message

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 5/30/2014 3:21:32 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement May  
**Attachments:** Statement\_7.pdf



Investors: Alexandra

Please find attached your monthly statement.

When I create these statements, there are about 15 steps in the spreadsheet. I skipped one which updated the total interest YTD.

I've corrected this, the attached statement is correct.

Sorry for the error, thanks Warren.

Thanks,

dc



# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 May 2014

## INVESTOR

Name: Alexandra Shea Bunger Irrevocable Trust  
 Address: Alexandra Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone: 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$850,000.00**

## INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total  
 Monthly Account  
 Interest \$8,500.00  
 Interest Paid \$8,500.00  
 Sub Total \$850,000.00  
**Total Balance \$850,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/16

**Total Investment \$850,000.00**

## INTEREST EARNED

Year	Earnings
2014	\$8,500.00

**Total Earnings \$8,500.00**

Thank you for investing with DenSco!

Message

---

**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

I'm heading to Idaho this week, it's stupid hot down here! Have a great 4<sup>th</sup> of July!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2014

INVESTOR	
Name	Alexandra Shea Bunger Irrevocable Trust
Address	Alexandra Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$850,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$850,000.00</b>
Monthly Account	
Interest	\$8,500.00
Interest Paid	\$8,500.00
Sub Total	\$850,000.00
<b>Total Balance</b>	<b>\$850,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/18
<b>Total Investment</b>		<b>\$850,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$17,000.00
<b>Total Earnings</b>	<b>\$17,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2014 6:07:01 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

For many of you summer is just in the swing, for my boys it ends today! School starts tomorrow!

I finally understand why when I was growing up my parents favorite holiday was labor day! For us school started the next day...

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2014

INVESTOR	
Name	Alexandra Shea Bunger Irrevocable Trust
Address	Alexandra Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/15
<b>Total Investment</b>		<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	\$550,000.00
Monthly Account	Interest \$5,500.00
	Interest Paid \$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$22,500.00
<b>Total Earnings</b>	<b>\$22,500.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/29/2014 1:10:23 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

I don't work holiday weekends, so you get your statements today!

Have a safe and enjoyable holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT August 2014

INVESTOR	
Name	Alexandra Shea Bunger Irrevocable Trust
Address	Alexandra Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$550,000.00
Monthly Account	
Interest	\$5,500.00
Interest Paid	\$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$28,000.00
<b>Total Earnings</b>	<b>\$28,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2014 6:02:58 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc



# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2014

### INVESTOR

Name Alexandra Shea Bunger Irrevocable Trust  
 Address Alexandra Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment \$550,000.00**

### INVESTMENT ACCOUNTS

Accrual Account	Interest	
Sub Total		
Quarterly Account	Interest	
	Interest Paid	
Sub Total		\$550,000.00
Monthly Account	Interest	\$5,500.00
	Interest Paid	\$5,500.00
Sub Total		\$550,000.00
<b>Total Balance</b>		<b>\$550,000.00</b>

### INTEREST EARNED

Year	Earnings
2014	\$33,500.00

**Total Earnings \$33,500.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2014 4:35:07 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

Halloween on a Friday! It's like Christmas Eve tonight!

Give away lots of candy, so there's less to eat for you!

I've never like candy, even as a kid. I used to trick o' treat, then

keep the candy in my room, and sell the little bit size candy bars to my dad for a quarter!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2014

INVESTOR	
Name	Alexandra Shea Bunger Irrevocable Trust
Address	Alexandra Bunger 6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$550,000.00
Monthly Account	
Interest	\$5,500.00
Interest Paid	\$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$39,000.00
<b>Total Earnings</b>	<b>\$39,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/28/2014 5:43:42 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

I'm sure you are all out exercising at the mall today!

Hope you had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT November 2014

### INVESTOR

Name: Alexandra Shea Bunger Irrevocable Trust  
 Address: Alexandra Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone: 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

**\$550,000.00**

#### Monthly Account

Interest \$5,500.00

Interest Paid \$5,500.00

Sub Total

**\$550,000.00**

**Total Balance**

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment**

**\$550,000.00**

### INTEREST EARNED

Year	Earnings
2014	\$44,500.00

**Total Earnings**

**\$44,500.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/27/2014 7:33:52 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_7.pdf

Investors: Alexandra

Please find attached your monthly statement.

Yes it's a little early, but I'm headed up to ID tomorrow with the boys to go snowboarding. It's easier to do the whole end of month process in front of my multiple screens and in the quiet of my office and not with the noise of my boys and nephews!

I need to make another change in 2015. As in past years, I've needed to make adjustments. A few years ago I quit taking new investors, and then accepting new money in. With the market less stressed, there are fewer opportunities. I'm finding it harder to keep all the cash at work all the time. The spring is coming and that will see a pickup in demand, as did the month of December. Those are more seasonal times. To continue to constrain the size of the portfolio I'm requesting that everyone that is presently accruing interest, to take the interest monthly or quarterly. This will not affect IRA's or Roth IRA's. Those of you that have part of your interest paid and part of it accruing, it will all be paid now.

I will need a few things from you.

1. Name of account
2. Checking or savings account?
3. ABA#, Bank name, and Account # - you can find these on the bottom of your check
4. If you want the money paid monthly or quarterly.

As your notes mature I will renew them for the paying monthly or quarterly. You will receive your interest payments electronically the last business day of the month.

I appreciate your flexibility with this change.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2014

### INVESTOR

Name Alexandra Shea Bunger Irrevocable Trust  
 Address Alexandra Bunger  
 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment \$550,000.00**

### INVESTMENT ACCOUNTS

Accrual Account	Interest	
Sub Total		
Quarterly Account	Interest	
	Interest Paid	
Sub Total		\$550,000.00
Monthly Account	Interest	\$5,500.00
	Interest Paid	\$5,500.00
Sub Total		\$550,000.00
<b>Total Balance</b>		<b>\$550,000.00</b>

### INTEREST EARNED

Year	Earnings
2014	\$50,000.00

**Total Earnings \$50,000.00**

Thank you for investing with DenSco!

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

Bunger  
 EXH. NO. 628  
12-3-18  
 Kelly S. Oglesby CR 50178

STATEMENT  
 May 2014

**INVESTOR**  
 Name Connor Perry Bunger Irrevocable Trust  
 Conner Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

**CURRENT INVESTMENT BALANCE**  
**\$850,000.00**

**INVESTMENT ACCOUNTS**

Accrual Account  
 Interest  
 Sub Total

Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total

Monthly Account  
 Interest \$8,500.00  
 Interest Paid \$8,500.00  
 Sub Total \$850,000.00

**Total Balance \$850,000.00**

**INVESTMENT HISTORY**

Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$850,000.00</b>

**INTEREST EARNED**

Year	Earnings
2014	\$8,500.00
<b>Total Earnings</b>	<b>\$8,500.00</b>

Thank you for investing with DenSco!



Message

---

**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement June  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

I'm heading to Idaho this week, it's stupid hot down here! Have a great 4<sup>th</sup> of July!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2014

INVESTOR	
Name	Connor Perry Bunger Irrevocable Trust Conner Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$850,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$850,000.00
Monthly Account	
Interest	\$8,500.00
Interest Paid	\$8,500.00
Sub Total	\$850,000.00
<b>Total Balance</b>	<b>\$850,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$850,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$850,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$17,000.00
<b>Total Earnings</b>	<b>\$17,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 7/31/2014 6:07:01 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement July  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

For many of you summer is just in the swing, for my boys it ends today! School starts tomorrow!

I finally understand why when I was growing up my parents favorite holiday was labor day! For us school started the next day...

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT July 2014

INVESTOR	
Name	Connor Perry Bunger Irrevocable Trust Conner Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	Interest
Sub Total	
Quarterly Account	Interest
	Interest Paid
Sub Total	
	<b>\$550,000.00</b>
Monthly Account	Interest
	Interest Paid
Sub Total	
	<b>\$550,000.00</b>
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$22,500.00
<b>Total Earnings</b>	<b>\$22,500.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 8/29/2014 1:10:23 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement August  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

I don't work holiday weekends, so you get your statements today!

Have a safe and enjoyable holiday weekend!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**August 2011**

INVESTOR	
Name	Connor Perry Bunger Irrevocable Trust Conner Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	<b>\$550,000.00</b>
Monthly Account	
Interest	\$5,500.00
Interest Paid	\$5,500.00
Sub Total	<b>\$550,000.00</b>
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/15
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$28,000.00
<b>Total Earnings</b>	<b>\$28,000.00</b>

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 9/30/2014 6:02:58 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement September  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT September 2014

INVESTOR	
Name	Connor Perry Bunger Irrevocable Trust Conner Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$550,000.00</b>

INVESTMENT ACCOUNTS	
Accrual Account	
Interest	
Sub Total	
Quarterly Account	
Interest	
Interest Paid	
Sub Total	\$550,000.00
Monthly Account	
Interest	\$5,500.00
Interest Paid	\$5,500.00
Sub Total	\$550,000.00
<b>Total Balance</b>	<b>\$550,000.00</b>

INVESTMENT HISTORY		
Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/15
<b>Total Investment</b>		<b>\$550,000.00</b>

INTEREST EARNED	
Year	Earnings
2014	\$33,500.00
<b>Total Earnings</b>	<b>\$33,500.00</b>

Thank you for investing with DenSco!



Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 10/31/2014 4:35:07 AM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement October  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

Halloween on a Friday! It's like Christmas Eve tonight!

Give away lots of candy, so there's less to eat for you!

I've never like candy, even as a kid. I used to trick o' treat, then

keep the candy in my room, and sell the little bit size candy bars to my dad for a quarter!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT October 2014

### INVESTOR

Name Connor Perry Bunger Irrevocable Trust  
 Conner Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### INVESTMENT ACCOUNTS

Accrual Account  
 Interest  
 Sub Total  
 Quarterly Account  
 Interest  
 Interest Paid  
 Sub Total \$550,000.00  
 Monthly Account  
 Interest \$5,500.00  
 Interest Paid \$5,500.00  
 Sub Total \$550,000.00  
**Total Balance \$550,000.00**

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment \$550,000.00**

### INTEREST EARNED

Year	Earnings
2014	\$39,000.00

**Total Earnings \$39,000.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 11/28/2014 5:43:42 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement November  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

I'm sure you are all out exercising at the mall today!

Hope you had a great Thanksgiving!

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

STATEMENT  
 November 2014

## INVESTOR

Name Connor Perry Bunger Irrevocable Trust  
 Conner Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

## CURRENT INVESTMENT BALANCE

**\$550,000.00**

## INVESTMENT ACCOUNTS

### Accrual Account

Interest

Sub Total

### Quarterly Account

Interest

Interest Paid

Sub Total

**\$550,000.00**

### Monthly Account

Interest \$5,500.00

Interest Paid \$5,500.00

Sub Total

**\$550,000.00**

**Total Balance**

**\$550,000.00**

## INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment**

**\$550,000.00**

## INTEREST EARNED

Year	Earnings
2014	\$44,500.00

**Total Earnings**

**\$44,500.00**

Thank you for investing with DenSco!

Message

---

**From:** Denny Chittick [dennychittick@cox.net]  
**Sent:** 12/27/2014 7:33:52 PM  
**To:** 'steve@bunger.me' [steve@bunger.me]  
**BCC:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**Subject:** DenSco Statement December  
**Attachments:** Statement\_9.pdf

Investors: Conner

Please find attached your monthly statement.

Yes it's a little early, but I'm headed up to ID tomorrow with the boys to go snowboarding. It's easier to do the whole end of month process in front of my multiple screens and in the quiet of my office and not with the noise of my boys and nephews!

I need to make another change in 2015. As in past years, I've needed to make adjustments. A few years ago I quit taking new investors, and then accepting new money in. With the market less stressed, there are fewer opportunities. I'm finding it harder to keep all the cash at work all the time. The spring is coming and that will see a pickup in demand, as did the month of December. Those are more seasonal times. To continue to constrain the size of the portfolio I'm requesting that everyone that is presently accruing interest, to take the interest monthly or quarterly. This will not affect IRA's or Roth IRA's. Those of you that have part of your interest paid and part of it accruing, it will all be paid now.

I will need a few things from you.

1. Name of account
2. Checking or savings account?
3. ABA#, Bank name, and Account # - you can find these on the bottom of your check
4. If you want the money paid monthly or quarterly.

As your notes mature I will renew them for the paying monthly or quarterly. You will receive your interest payments electronically the last business day of the month.

I appreciate your flexibility with this change.

I've updated the sample list of houses on the website:

<http://denscoinvestment.com/properties.html>

I've updated the quarterly newsletter:

<http://denscoinvestment.com/newsletter.html>

Thanks,

dc

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT December 2014

### INVESTOR

Name Connor Perry Bunger Irrevocable Trust  
 Conner Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

### INVESTMENT ACCOUNTS

#### Accrual Account

Interest

Sub Total

#### Quarterly Account

Interest

Interest Paid

Sub Total

\$550,000.00

#### Monthly Account

Interest \$5,500.00

Interest Paid \$5,500.00

Sub Total

\$550,000.00

**Total Balance**

**\$550,000.00**

### CURRENT INVESTMENT BALANCE

**\$550,000.00**

### INVESTMENT HISTORY

Investment	Date	Maturity
\$550,000.00	05/01/14	05/01/16

**Total Investment**

**\$550,000.00**

### INTEREST EARNED

Year

Earnings

2014

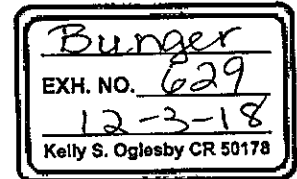
\$50,000.00

**Total Earnings**

**\$50,000.00**

Thank you for investing with DenSco!

## STEVEN BUNGER DEPOSITION EXHIBITS INDEX



1. Defendants Rule 26.1 statement (Depo Exhibit 4)
2. 2009 POM (Depo Exhibit 431)
3. 2011 POM (Depo Exhibit 432)
4. 2013 Investor Files
  - Investment #1 for Steven and Mary Bungler
  - Investment #1 for Desert Classic Investments
  - Investment #2 for Desert Classic Investments
  - Investment #3 for Desert Classic Investments
  - Investment #4 for Desert Classic Investments
  - Note
  - Investment #5 for Desert Classic Investments
  - Investment #4 (sic) for Desert Classic Investments
  - Accredited Investor Profile/Questionnaire
5. 2014 Investor Files
  - Investment #2 for Desert Classic Investments
  - Investment #4 for Desert Classic Investments
  - Investment #5 for Desert Classic Investments
  - Investment #6 for Desert Classic Investments
  - Accredited Investor Profile/Questionnaire
  - Investment #1 for Alexander Bungler (Steven is trustee)
6. 2015 Investor Files
  - Investment #1 for Steven and Mary Bungler
  - Note
  - Investment #1 for Desert Classic Investments
  - Note
  - Investment #3 for Desert Classic Investments
  - Note
  - Investment #4 for Desert Classic Investments
  - Note
7. Claims to the Receiver
8. Receiver's List of Filed Claims
9. Receiver's Report dated July 31, 2017
10. E-Mails

Schenek  
EXH. NO. 4  
6-19-18  
Kelly S. Ogleby CR 50178

RECEIVED  
OSBORN MALEDON P.A.  
MAR 12 2018

1 John E. DeWulf (006850)  
Marvin C. Ruth (024220)  
2 Vidula U. Patki (030742)  
COPPERSMITH BROCKELMAN PLC  
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4 T: (602) 224-0999  
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5 jdewulf@cblawyers.com  
mruth@cblawyers.com  
6 vpatki@cblawyers.com

7 *Attorneys for Defendants*

8  
9 SUPERIOR COURT OF ARIZONA  
10 COUNTY OF MARICOPA

11 Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
12 corporation,  
13 Plaintiff,  
14 v.  
15 Clark Hill PLC, a Michigan limited liability  
company; David G. Beauchamp and Jane  
16 Doe Beauchamp, husband and wife,  
17 Defendants.

No. CV2017-013832

**DEFENDANTS' INITIAL RULE 26.1  
DISCLOSURE STATEMENT**

18 Defendants Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp  
19 (collectively, "Defendants") provide this initial disclosure statement according to Arizona  
20 Rule of Civil Procedure 26.1. Defendants reserve the right to amend or supplement this  
21 disclosure statement as discovery progresses.

22 This case is in its infancy and thus the content of this disclosure statement is  
23 preliminary and subject to supplementation, amendment, explanation, change and  
24 amplification. Because the parties have just commenced discovery, there may be  
25 information, documents, and materials related to the various allegations and defenses set forth  
26 in the pleadings of which Defendants are presently unaware. Defendants note that they do



1 not currently have access to all potentially relevant documents of the Plaintiff, or third parties,  
2 and that this disclosure statement is based upon information currently available to  
3 Defendants. Nothing in this disclosure statement is intended to be an admission of fact, an  
4 affirmation of the existence of any document, or an agreement with or an acceptance of any  
5 legal theory or allegation. The information set forth below is provided without waiving (1)  
6 the right to object to the use of such information for any purpose in this or any other action  
7 due to applicable privilege (including the work-product and attorney-client privileges),  
8 materiality, or any other appropriate grounds; (2) the right to object to any request involving  
9 or relating to the subject matter of the information in this disclosure statement; or (3) the right  
10 to revise, correct, supplement or clarify any of the information provided below. If any part  
11 of this statement is ever read to the jury, fairness would require that the jury be read this  
12 introductory statement and any supplementation, amendments, explanation, changes or  
13 amplifications which may occur or be filed subsequent to this disclosure statement.

14 Defendants also incorporate by reference into this disclosure statement all  
15 interrogatory answers, responses to requests for production, responses to requests for  
16 admission, other discovery and disclosure statements and supplements thereto in this action,  
17 and all transcripts of any deposition taken in this action and any exhibits thereto.

18 **I. FACTUAL BASIS OF CLAIMS AND DEFENSES.**

19 **A. Retention/Scope of Work**

20 For more than 35 years, since graduating with honors from the University of Michigan  
21 Law School in 1981, David Beauchamp has represented his clients in the areas of corporate  
22 law, securities, venture capital, and private equity with distinction and integrity.

23 One of those clients was DenSco Investment Corporation ("DenSco"), a company  
24 solely owned and managed by Denny Chittick. DenSco raised money from investors by  
25 issuing general obligation notes to those investors at interest rates that varied depending on  
26 the note's maturity date. DenSco then invested those funds primarily by making high interest

1 short-term loans to borrowers buying residential properties out of foreclosure, which loans  
2 were intended to be secured by deeds of trusts on those properties. Mr. Beauchamp started  
3 providing securities advice to DenSco in the early 2000s, while he was a partner at the law  
4 firm Gammage & Burnham. DenSco followed Mr. Beauchamp as a client when he left  
5 Gammage to join the law firm Bryan Cave in March 2008, and again when Mr. Beauchamp  
6 left Bryan Cave to join Clark Hill in September 2013.

7 Although the various firms' engagement letters with DenSco only specifically  
8 identified DenSco as the client, DenSco could not operate or engage with legal counsel  
9 except through its president and sole owner, Mr. Chittick. DenSco had no other employees;  
10 Mr. Chittick was responsible for all aspects of DenSco's business, and Mr. Chittick  
11 understood that Mr. Beauchamp, as an incident to Mr. Beauchamp's representation of  
12 DenSco, was also representing Mr. Chittick in his capacity as president of DenSco. The  
13 investors understood that as well. The private offering memoranda DenSco provided state  
14 that "legal counsel to the Company will represent the interests solely of the Company and its  
15 President, and will not represent the interests of any investor."

16 Shortly after Mr. Chittick's death, and in the midst of a chaotic time dealing with the  
17 fallout of his passing, Mr. Beauchamp stated in an August 10, 2016 letter to an Arizona  
18 Corporation Commission subpoena to Mr. Chittick that he had "not previously represented  
19 Denny Chittick" and that the ACC would need to request the personal information it sought,  
20 including Mr. Chittick's personal tax returns, from counsel for Mr. Chittick's estate. To the  
21 extent that Mr. Beauchamp's statement was not clear or that any clarification was necessary,  
22 Mr. Beauchamp averred in an August 17, 2016 declaration under oath that he represented  
23 DenSco and "Mr. Chittick as the President of DenSco." Mr. Beauchamp did not represent  
24 Mr. Chittick outside of his role as a corporate officer at DenSco.

25 Until mid- 2013, Mr. Beauchamp's work as DenSco's securities counsel included,  
26 among other things, drafting DenSco's Private Offering Memoranda and related investor

1 documents; advising DenSco regarding Blue Sky laws and state and federal securities  
2 reporting and filing requirements; advising DenSco as to the rules and regulations  
3 promulgated by state financial and lending authorities; and advising DenSco regarding the  
4 applicability of mortgage broker regulations. At times, it would also involve answering  
5 DenSco's questions regarding its Reg D filings and obligations. Although Mr. Beauchamp  
6 helped DenSco file its first set of Reg D documents in 2003, Mr. Chittick told Mr.  
7 Beauchamp thereafter that he did not want to pay a lawyer to review and file the Reg D  
8 documents, and that Mr. Chittick would take on that responsibility himself. That was not a  
9 surprising request, as Mr. Chittick repeatedly instructed Mr. Beauchamp to keep legal fees  
10 to a minimum. Consequently, although Mr. Beauchamp's paralegal initially helped Mr.  
11 Chittick understand the filing process and obtain access to the EDGAR filing site, in  
12 accordance with his client's wishes Mr. Beauchamp did not review DenSco's Reg D filings.

13 The scope of Mr. Beauchamp's representation of DenSco and its president was  
14 narrow. Further, the relationship was friendly, but professional. Mr. Beauchamp did not go  
15 to dinner or vacation with Mr. Chittick or his family. They did not play golf or otherwise  
16 socialize together.

17 Over the years, Mr. Chittick showed himself to be a trustworthy and savvy  
18 businessman, and a good client. He was devoted to his business and investors, many of  
19 whom were friends and family. Despite often complaining about the cost of legal services,  
20 Mr. Chittick appeared to follow Mr. Beauchamp's advice and provided information when  
21 asked for it. Further, Mr. Beauchamp understood that DenSco utilized an outside accountant,  
22 David Preston, to review DenSco's books and records and file its tax returns. At no point  
23 did Mr. Beauchamp serve as DenSco's general corporate counsel, nor was Mr. Beauchamp  
24 engaged to review or approve DenSco financial statements or tax returns or to investigate  
25 borrowers.

26

1           **B.     The Private Offering Memoranda**

2           Mr. Beauchamp advised DenSco regarding its Private Offering Memoranda  
3 ("POMs"), which DenSco generally updated every two years. He helped draft the 2003,  
4 2005, 2007, 2009, and 2011 POMs. The POMs, however, had similar provisions and  
5 generally described DenSco's historical performance based on information provided by Mr.  
6 Chittick; set forth Mr. Chittick's authority to determine DenSco's "major business decisions  
7 and policies", and to make, amend, or deviate from those policies in Mr. Chittick's sole  
8 discretion; and set forth DenSco's aspirational lending standards (including its intent to  
9 "maintain a loan-to-value ratio below 70%" for both individual trust deeds DenSco  
10 purchased and the aggregate loan portfolio, as well as its intent to "achieve a diverse  
11 borrower base" with no borrower comprising more than 10-15% of the portfolio).

12           In early summer 2013, Mr. Beauchamp advised DenSco that it needed to update its  
13 2011 POM given the passage of time and changes in the scope of DenSco's fund raising. In  
14 particular, based on Mr. Chittick's representations to Mr. Beauchamp, DenSco either had or  
15 would soon eclipse the \$50 million maximum offering set forth in the 2011 POM.  
16 Consequently, Mr. Beauchamp began drafting revisions to the 2011 POM, which included  
17 updates to the maximum offering and updates on DenSco's performance to date, among other  
18 revisions. Mr. Beauchamp, however, was never able to finalize the 2013 POM. Although  
19 Mr. Beauchamp asked for updated investment, loan and financial information regarding  
20 DenSco, Mr. Chittick stalled on providing the information, preferring to wait until after he  
21 scaled down the amount outstanding to investors. Mr. Beauchamp repeatedly advised  
22 DenSco that an update was necessary irrespective of DenSco's plans regarding the  
23 outstanding amount of its offerings, but Mr. Chittick continued to delay.

24           **C.     The FREO Lawsuit**

25           On May 24, 2013, Easy Investments, an entity owned by Yomtov "Scott" Menaged  
26 ("Menaged"), DenSco, and Ocwen Loan Servicing, were sued by FREO Arizona, LLC

1 ("FREO") regarding liens recorded by Easy Investments in favor of DenSco and Active  
2 Funding Corporation, on a parcel of property. In a June 14, 2013 email from Mr. Chittick to  
3 Mr. Beauchamp, Mr. Chittick explained that Easy Investments had purchased a property at  
4 a trustee's sale using a DenSco loan, which had apparently been previously purchased by  
5 FREO, leading to a dispute. A review of the partial Complaint provided to Mr. Beauchamp  
6 confirms Mr. Chittick's description. According to its allegations, the loan servicer, Ocwen,  
7 failed to cancel a trustee's sale and release the deed of trust after FREO had paid off the debt  
8 and acquired the property, thereby allowing Easy Investments to purchase the property again  
9 with DenSco's funds. Contrary to the allegations in the Receiver's Complaint, the FREO  
10 lawsuit did not concern lien priority or double lien issues. Moreover, a review of the docket  
11 reveals that Easy Investments prevailed in the FREO lawsuit when the Court granted  
12 summary judgment in favor of Easy Investments and against both FREO and Ocwen (for  
13 breach of its duties) on December 6, 2013.

14 Further, although Mr. Chittick forwarded a portion of the Complaint to Mr.  
15 Beauchamp, Mr. Chittick did not ask Mr. Beauchamp to represent DenSco in the litigation;  
16 nor did he ask Mr. Beauchamp to investigate the factual allegations in the Complaint. To  
17 the contrary, he expressly stated that he merely wanted Mr. Beauchamp to "be aware" of the  
18 lawsuit. Consequently, although Mr. Beauchamp ran the matter through Bryan Cave's  
19 conflict system pursuant to standard firm procedure, Mr. Beauchamp did not represent  
20 DenSco in the litigation and did not conduct any further investigation into its merits given  
21 his client's instruction not to get involved.

22 Mr. Beauchamp did, however, explain to Mr. Chittick that this lawsuit would need to  
23 be disclosed in DenSco's 2013 POM. In addition, Mr. Beauchamp advised Mr. Chittick, as  
24 he had done previously, that Mr. Chittick needed to fund DenSco's loans directly to the  
25 trustee or escrow company conducting the sale, rather than provide loan funds directly to the  
26 borrower, to ensure that DenSco's deed of trust was protected. Mr. Chittick, however,

1 explained to Mr. Beauchamp that this was an isolated incident with a borrower, Menaged,  
2 whom Mr. Chittick described in his email as someone he had "done a ton of business  
3 with...hundreds of loans for several years...."

4 **D. Mr. Beauchamp leaves Bryan Cave, hears nothing from Mr. Chittick for**  
5 **months.**

6 Mr. Beauchamp left Bryan Cave at the end of August 2013. Prior to his departure,  
7 Mr. Beauchamp had repeatedly made clear to DenSco and Mr. Chittick that they needed to  
8 update DenSco's POM. On August 30, 2013, Mr. Beauchamp and Bryan Cave sent Mr.  
9 Beauchamp's clients, including DenSco, a joint separation letter informing them that Mr.  
10 Beauchamp was joining Clark Hill effective as of September 1, 2013. The letter invited  
11 those clients to either request the transition of their files to Mr. Beauchamp or affirmatively  
12 request that the files remain at Bryan Cave. Mr. Chittick initially agreed to transfer a portion  
13 of DenSco's files to Clark Hill, but aside from DenSco's authorization letter, Mr. Beauchamp  
14 never heard from Mr. Chittick regarding the unfinished 2013 POM, or any other matter, until  
15 December 2013.

16 **E. DenSco contacts Mr. Beauchamp in late 2013, slowly reveals scope of**  
17 **Menaged issues over several months**

18 In December 2013, Mr. Chittick contacted Mr. Beauchamp for the first time in  
19 months. He told Mr. Beauchamp over the phone that he had run into an issue with some of  
20 his loans to Menaged, and specifically, that properties securing a few DenSco loans were  
21 each subject to a second deed of trust competing for priority with DenSco's deed of trust.  
22 Mr. Beauchamp reminded Mr. Chittick that he still needed to update DenSco's private  
23 offering memorandum. After briefly discussing the allegedly limited double lien issue, Mr.  
24 Chittick emphasized to Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with  
25 other lenders. Mr. Chittick, however, did not request any advice or help. Accordingly, Mr.  
26 Beauchamp suggested that Mr. Chittick develop and document a plan to resolve the double  
liens, and nothing more came of the conversation.

1 Mr. Chittick vastly understated the scope of the problem. On January 6, 2014,  
2 Attorney Bob Miller at Bryan Cave sent Mr. Chittick a letter on behalf of various lenders  
3 (the "Miller Lenders"). The letter asserted that the Miller Lenders had advanced purchase  
4 money loans directly to trustees to buy more than 50 properties out of foreclosure, and had  
5 recorded deeds of trust to evidence their first position security interest. DenSco, however,  
6 had likewise recorded mortgages evidencing its purported purchase money loans for the same  
7 properties. The Miller Lenders asserted that DenSco's claimed interest was a "practical and  
8 legal impossibility since...only the Lenders provided the applicable trustee with certified  
9 funds supporting the Borrowers purchase money acquisition for each of the Properties,"  
10 demanded that DenSco subordinate its alleged interests to their interests, and threatened to  
11 bring claims for fraud, negligent misrepresentation, and wrongful recordation.

12 It seems unlikely that the issue with the Miller Lenders was a surprise to Mr. Chittick.  
13 Although Mr. Chittick's business journals contain hearsay and present questions regarding  
14 admissibility, they suggest that Menaged had told Mr. Chittick about the double lien issue in  
15 November 2013, and had explained that the issue could affect every property Menaged had  
16 purchased using DenSco funds going back as far as 2011. Further, as set forth below, Mr.  
17 Chittick and Menaged had apparently already reached an agreement on how to deal with the  
18 double lien issue in November 2013 as well. Mr. Chittick, however, failed to provide that  
19 information to Mr. Beauchamp in December. Nor did he immediately provide Mr.  
20 Beauchamp with the full scope of the problem, or reveal the procedure he had agreed to with  
21 Menaged to resolve that problem, in December or early January.

22 Instead, Mr. Chittick sent the Miller letter to Mr. Beauchamp on January 6, 2014 with  
23 nothing more than a sparse request for Mr. Beauchamp to "read the first two pages." The  
24 next day, Mr. Chittick provided Mr. Beauchamp a more expansive, if incomplete,  
25 explanation. In his email, Mr. Chittick stated that he had lent Menaged a total of \$50 million  
26 since 2007 and that he'd "never had a problem with payment or issue that hasn't been

1 resolved." Mr. Chittick asserted, however, that Menaged's wife had become critically ill in  
2 the past year, and that Menaged had turned the day-to-day operations of his companies over  
3 to his cousin. According to Mr. Chittick, the cousin would receive loan funds directly from  
4 DenSco, then request loans for the same property from another lender, including the Miller  
5 Lenders. The other lenders, who had funded their loans directly to the trustee, would record  
6 their deed of trust, as would DenSco, leaving DenSco in second position. The cousin,  
7 unfortunately, then purportedly absconded with the funds DenSco lent directly to Menaged.  
8 This "double lien" issue consequently jeopardized DenSco's secured position and its loan-  
9 to-value ratios. Mr. Chittick feared that a lawsuit with the Miller Lenders would jeopardize  
10 DenSco's entire enterprise.

11 According to Mr. Chittick's email, Menaged purportedly found out about his cousin's  
12 scam in November and revealed the fraud to Mr. Chittick at the time. Yet rather than consult  
13 legal counsel, Mr. Chittick worked out a plan to fix the double lien issue with Menaged. The  
14 initial plan included DenSco paying off the other lenders. That required additional capital,  
15 which Menaged and Mr. Chittick agreed would come from DenSco lending Menaged an  
16 additional \$1 million and Menaged investing additional capital, including \$4-\$5 million from  
17 the liquidation of other assets, as set forth in a term sheet DenSco and Menaged signed after  
18 having already put their plan into effect. As the scope of the problem appeared to grow, Mr.  
19 Chittick and Menaged agreed to terms of an expanded plan, which included further  
20 investment from both DenSco and Menaged, who would also continue to flip and rent homes  
21 to raise the necessary profits needed to pay off the other lenders.

22 Unbeknownst to Mr. Beauchamp, and according to Mr. Chittick's January 7, 2014  
23 email, DenSco and Menaged had already been "proceeding with this plan since November  
24 [2013]." That is corroborated by the Receiver, who asserts that Mr. Chittick lent \$1 million  
25 to Menaged to further their private workout plan in December 2013. In other words, by the  
26 time Mr. Chittick approached Mr. Beauchamp with a partial disclosure of the issues in late



1 2013 and early 2014, Mr. Chittick had already agreed to a business plan with Menaged to  
2 work out the double lien problems, and had already advanced Menaged significant sums  
3 pursuant to that agreement. As Mr. Beauchamp explained in a February 20, 2014 email to  
4 his colleagues, Mr. Chittick "without any additional documentation or any legal advice...has  
5 been reworking his loans and deferring interest payments to assist Borrower...When we  
6 became aware of this issue, we advised our client that he needs to have a Forbearance  
7 Agreement in place to evidence the forbearance and the additional protections he needs."

8 1. Mr. Beauchamp tells DenSco it cannot accept new funds or roll over  
9 prior funds.

10 After receiving Mr. Chittick's January 7, 2014 email, Mr. Beauchamp was alarmed  
11 that DenSco may be taking on new investors or rolling over prior investments without  
12 disclosing the double lien issue or the workout to which Mr. Chittick and Menaged had  
13 agreed. Mr. Beauchamp's advice to Mr. Chittick regarding disclosures Mr. Chittick had to  
14 make to investors was immediate, clear, practical, consistent with his practice and  
15 experience, and consistent with the standard of care: (a) DenSco was not permitted to take  
16 new money without full disclosure to the investor lending the money; (b) DenSco was not  
17 permitted to roll over existing investments without full disclosure to the investor rolling over  
18 the money; and (c) DenSco needed to update its POM and make full disclosure to all its  
19 investors. Mr. Beauchamp provided this advice to DenSco starting with his January 9, 2014  
20 meeting with Mr. Chittick, and repeated it routinely over the next few months.

21 Mr. Beauchamp was also concerned about the source and use of the funds needed to  
22 effectuate the Menaged-Chittick workout. Yet, as Mr. Chittick explained, the funds for the  
23 \$1 million loan (which Mr. Chittick funded prior to engaging Clark Hill) and an additional  
24 \$5 million loan Mr. Chittick and Menaged eventually agreed to as part of the workout, would  
25 come from (a) Mr. Chittick's investment of additional funds out of his retirement account,  
26 (b) Mr. Chittick's personal \$1.5 million line of credit, and (c) DenSco's working capital

1 raised as loans to other borrowers paid off. Again, and at all times Mr. Beauchamp, advised  
2 Mr. Chittick that he could not obtain new investor funds or roll over prior investments  
3 without full disclosure. Mr. Beauchamp also repeatedly insisted that Mr. Chittick revise his  
4 out-of-date POM to provide disclosure to all his investors. Mr. Chittick, however, insisted  
5 that DenSco first document the forbearance agreement so that Mr. Chittick would have a  
6 plan to show his investors.

7 Further, Mr. Chittick assured Mr. Beauchamp repeatedly that he was making the  
8 requisite disclosures to investors on an as needed basis, and that he had informed a select  
9 group of investors as to the double lien issue and proposed workout. That would be in  
10 keeping with Mr. Chittick's prior approach to business. As far as Mr. Beauchamp knew, and  
11 as Mr. Chittick had previously told him, Mr. Chittick indeed had a select group of investors  
12 to whom he turned for advice and approval when confronted with important business  
13 decisions, such as, for example, diversifying his investments into different types of  
14 properties. Mr. Chittick told Mr. Beauchamp that he was seeking such advice from what Mr.  
15 Chittick described as an "advisory council." And again, while the letters Mr. Chittick  
16 appears to have authored prior to his passing contain hearsay and present questions regarding  
17 admissibility, they include various statements suggesting that Mr. Chittick may have  
18 previously told (and received approval from) a select group of investors that he was investing  
19 specifically with Menaged, that he was increasing his loan concentration with Menaged  
20 above the 10-15% concentration threshold suggested in his POMs, and that his lending  
21 process involved funding loans directly to borrowers, rather than a trustee or escrow account.

22 There was no reason for Mr. Beauchamp to question whether Mr. Chittick was in fact  
23 providing disclosures to limited investors. Moreover, over the more than decade long strong  
24 professional relationship Mr. Beauchamp had developed with Mr. Chittick, Mr. Chittick had  
25 proven himself to be a trustworthy client with a strong history of sharing information and  
26 making prudent decisions.

1                   2.     Mr. Beauchamp advises DenSco to enter into a forbearance agreement.  
2             Beginning in early January, and over the course of several meetings and telephone  
3 conversations with Mr. Chittick, Mr. Beauchamp convinced Mr. Chittick that if he was going  
4 to keep doing business with Menaged (and Mr. Chittick never wavered from his insistence  
5 on working his way out of the double lien issue with Menaged), DenSco should at least  
6 document the issues and workout plan in a forbearance agreement. Entering into a  
7 forbearance agreement was sound, practical advice and consistent with the standard of care,  
8 particularly where Mr. Chittick and Menaged had already implemented their own workout  
9 plan. As Mr. Beauchamp repeatedly explained to Mr. Chittick, the forbearance agreement  
10 would, among other things, (a) clarify and set forth the facts that led to the double lien issue,  
11 (b) clarify and set forth the scope of the issue with the borrower, (c) acknowledge Mr.  
12 Menaged's defaults under his loan documents with DenSco, as well as the amount and  
13 validity of any debt owed to DenSco, (d) obtain additional written commitments from  
14 Menaged and his entities to fund the workout Mr. Chittick and Menaged had already agreed  
15 to; and (e) obtain additional security and other protections from Menaged and his entities to  
16 protect DenSco and its investors. Mr. Beauchamp was crystal clear with Mr. Chittick all of  
17 this would need to be disclosed to DenSco's investors. Other protections Mr. Beauchamp  
18 advocated for, including additional admissions of fault and fraud by Menaged to protect  
19 DenSco in the event of a bankruptcy filing by Menaged or his entities, were eventually  
20 stricken from the agreement at Menaged and Mr. Chittick's insistence, and over Mr.  
21 Beauchamp's objections.

22             Mr. Beauchamp had previously drafted and negotiated countless forbearance  
23 agreements. He reasonably anticipated that documenting DenSco's forbearance would take  
24 2-3 weeks. Negotiating the forbearance agreement, however, turned out to be more difficult  
25 than Mr. Beauchamp could have reasonably imagined. For one, Menaged and his counsel  
26 repeatedly insisted on edits and revisions that served only to undermine DenSco's fiduciary

1 duty to its investors. Mr. Beauchamp repeatedly had to undo changes proffered by Menaged  
2 or Jeff Goulder, Menaged's attorney, and often by Mr. Chittick at Menaged's direction, in  
3 order to protect DenSco's investors. For example, Menaged (and Mr. Goulder) attempted to  
4 restrict the type of information that could be disclosed to investors, attempted to obtain  
5 releases for Menaged related to his defaults and conduct, and refused to provide additional  
6 security or information regarding that additional security. Mr. Beauchamp repeatedly pushed  
7 back on these efforts and advised DenSco and Mr. Chittick, both in writing and verbally, that  
8 they had fiduciary duties to DenSco's investors, which included disclosure obligations. *See*  
9 *e.g.*, February 4, 2014 email from Mr. Beauchamp to Mr. Chittick ("you cannot obligate  
10 DenSco to further help Scott, because that would breach your fiduciary duty to your  
11 investors"); February 14, 2014 email from Mr. Beauchamp to Mr. Chittick ("[Goulder]  
12 clearly thinks he can force you to agree to accept a watered down agreement and give up  
13 substantial rights that you should not have to give up. Unfortunately, it is not your money.  
14 It is your investors' money. So you have a fiduciary duty"); March 13, 2014 email from Mr.  
15 Beauchamp to Mr. Chittick ("we cannot give Scott and his attorney any time to cause further  
16 delay in getting this Forbearance Agreement finished and the necessary disclosure prepared  
17 and circulated").

18 In addition to Menaged and his counsel's constant revisions, the number of loans  
19 affected by the double lien issue also kept growing. The number of loans Mr. Chittick  
20 asserted were in issue grew from December 2013 to January 2014, and then grew again from  
21 January 2014 to February 2014. This resulted in constant changes to the revised workout  
22 documents, as well as to Menaged and Mr. Chittick's agreement regarding the manner in  
23 which to fund the workout. Mr. Chittick, however, maintained, despite multiple inquiries  
24 from Mr. Beauchamp, that he had run the calculations and projections and was confident his  
25 plan with Menaged would work. Mr. Chittick also told Mr. Beauchamp that he had gone  
26 over those projections with his "advisory council." As Mr. Chittick described it to Mr.

1 Beauchamp, it was a cash flow issue, not a payment issue, and that with Menaged's  
2 additional investments, the workout would succeed.

3 Nevertheless, Mr. Beauchamp at one point became concerned enough at Menaged's  
4 intransigence and the apparent influence he held over Mr. Chittick, that he reached out to  
5 third parties in late January 2014 to inquire about Menaged. Those third parties informed  
6 him that Menaged was generally someone to be distrusted and not someone to do business  
7 with. Mr. Beauchamp attempted to persuade Mr. Chittick of this during several heated  
8 conversations, but Mr. Chittick ignored these admonitions, explaining that while Menaged  
9 could be sharp and off-putting, Menaged had always performed on DenSco's loans in the  
10 past, and had stood by Mr. Chittick in tough times. Despite Mr. Beauchamp's efforts, Mr.  
11 Chittick could not be convinced to cut ties with Menaged.

12 **F. Mr. Beauchamp terminates representation of DenSco and Mr. Chittick.**

13 When Mr. Beauchamp agreed to represent DenSco with respect to Menaged, Mr.  
14 Beauchamp made clear that Mr. Chittick had to immediately update DenSco's POM and  
15 make full disclosure to its investors regarding the double lien issues, the workout with  
16 Menaged, and the potential implications thereof on DenSco's finances and the investors'  
17 investments. Mr. Chittick always acknowledged that responsibility and agreed to make the  
18 full disclosure once the forbearance agreement was properly documented. As the  
19 forbearance neared completion, Mr. Beauchamp and his associate, Daniel Schenk, began  
20 drafting the updated POM in April and May 2014. Specifically, the draft 2014 POM would  
21 have: provided a description of the forbearance agreement (including all the parties' funding  
22 obligations), the reason it was necessary, and its effect on DenSco's books; updated  
23 DenSco's goals for intended loan-to-value ratios; updated the descriptions regarding  
24 DenSco's loan funding and securitizations procedures; updated the number of loan defaults  
25 triggering foreclosures; and amended the descriptions regarding DenSco's borrower base,  
26 among other things. Further, Mr. Beauchamp explained that the updated POM would need

1 to be accompanied with a cover letter or other communication highlighting the major  
2 material changes, including the double lien issue and resulting workout agreement, to ensure  
3 that investors were fully informed. Mr. Chittick, however, refused to provide the necessary  
4 information to complete the POM and refused to approve the description of the workout or  
5 the double lien issue, despite his prior acknowledgement that he would need to make full  
6 disclosure to all of his investors about DenSco (as he had been doing through POMs and  
7 newsletters since 2003).

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

21 Thereafter, Mr. Beauchamp and Clark Hill ceased providing DenSco with securities  
22 advice. Mr. Chittick accepted that, but asked that Mr. Beauchamp clean up some small issues  
23 with the forbearance agreement before ending the relationship entirely. Other than  
24 addressing those small forbearance agreement issues in June and July, Clark Hill stopped  
25 working with DenSco or Mr. Chittick in any capacity until 2016, when Mr. Chittick  
26 requested that Mr. Beauchamp assist with a very limited issue involving an audit by the

1 Arizona Department of Financial Institutions - work Mr. Beauchamp had previously  
2 performed for DenSco and that Mr. Chittick characteristically believed could be done most  
3 cost-effectively by Mr. Beauchamp rather than by a new lawyer with no background on the  
4 issue.

5 **G. Menaged continues to perpetrate fraud on DenSco, which only grows in**  
6 **scale.**

7 During the time that he represented it regarding securities matters, Mr. Beauchamp (a)  
8 repeatedly advised DenSco that it had to make full disclosure to its investors and then  
9 terminated his relationship as securities counsel for DenSco when DenSco refused, (b)  
10 explained that DenSco would need to retain new counsel after Mr. Beauchamp withdrew to  
11 provide proper disclosures and monitor the forbearance, and (c) repeatedly reminded Mr.  
12 Chittick that he needed to fund loans directly to a trustee or escrow company, rather than to  
13 the borrower. Mr. Chittick ignored Mr. Beauchamp's advice. It is unclear if DenSco ever  
14 engaged or even talked to new counsel. It appears Mr. Chittick never issued an updated POM,  
15 a fact which could not have gone unnoticed by DenSco's sophisticated investors, who had  
16 gotten used to regular updates from DenSco, not only through updated POMs, but through  
17 monthly newsletters and periodic investor meetings. It is quite clear that Mr. Chittick  
18 continued to loan funds directly to Menaged in direct contravention of Mr. Beauchamp's  
19 repeated advice.

20 Nevertheless, the brazen scope of Menaged's efforts to defraud DenSco was not  
21 foreseeable. After several years of bilking DenSco and others out of millions of dollars,  
22 Menaged was eventually arrested. The United States Department of Justice first charged  
23 Menaged with defrauding various banks through his purported furniture stores. Menaged used  
24 fabricated receipts of purchases made at the furniture store to obtain credit from banks using  
25 the names of, and personal identification information of, individuals who had recently died.  
26 He would then incur millions of dollars in fraudulent charges on those fake

1 accounts. Incredibly, Menaged acknowledged in his plea agreement that he had perpetrated  
2 the bank fraud in order to get cash to continue defrauding DenSco.

3 The Department of Justice then also charged Menaged with money laundering with  
4 respect to the DenSco fraud. In his plea agreement, Menaged admitted that from January 2014  
5 through June 2016, he embezzled millions of dollars without purchasing properties with the  
6 loans obtained from DenSco. He explained that DenSco would wire money to purchase  
7 properties directly to Menaged who, in turn, would send DenSco "an image of a bank cashier's  
8 check and a copy of a Trustee Certificate of Sale Receipt." No sales, however, actually took  
9 place. Menaged would simply redeposit the cashier's check into his account and create bogus  
10 receipts for the purchase of the property. Between January 2013 and June 2016, Menaged  
11 admitted he obtained 2,172 loans from DenSco totaling approximately \$734,484,440.67. Yet,  
12 of the 2,712 loans made by DenSco, only 96 involved actual property transactions. Menaged  
13 supposedly used the remaining 2,616 loans for personal expenses, gambling trips, and transfers  
14 to his family members and associates. Menaged would also utilize new loans from DenSco to  
15 pay back outstanding DenSco loans to conceal the embezzlement. Menaged was sentenced to  
16 17 years in jail. As First Assistant U.S. Attorney Elizabeth Strange stated, the "lengthy  
17 sentence is a fitting punishment for his egregious crimes."

18 Menaged shamelessly duped Mr. Chittick. Documents and recordings suggest that  
19 Menaged never invested any money into the workout plan. He never obtained any money from  
20 Israel despite purportedly making numerous trips to the country for that very purpose, blatantly  
21 lied that funds that could have been used to fund the workout were tied up in his divorce  
22 proceedings, and ultimately invented a non-existent investment scheme involving  
23 "auction.com" which Menaged falsely claimed was retaining most of DenSco's money (to go  
24 along with his fabrication of the fraudulent cousin and terminally ill wife). Sadly, Mr. Chittick  
25 bought into all of Menaged's lies until his last days.

26 Discovery is continuing. Defendants may supplement.



1 **II. LEGAL THEORIES OF CLAIMS AND DEFENSES.**

2 **A. Plaintiff's claims**

3 *Legal Malpractice*

4 Receiver asserts that Defendants, in their representation of DenSco, committed  
5 malpractice and breached fiduciary duties owed to DenSco. Legal malpractice requires proof  
6 of the existence of a duty, breach of duty, that defendant's breach was the actual and proximate  
7 cause of damages, and the "nature and extent" of those damages. *Glaze v. Larsen*, 207 Ariz.  
8 26, 29 ¶ 12 83 P.3d 26, 29 (Ariz. 2004) (citations and quotations omitted).

9 Receiver cannot prove breach of duty, actual and proximate cause, or resulting damages.  
10 To prove breach of duty, Receiver will need to demonstrate that Defendants deviated from the  
11 professional standard of care. *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App.  
12 1986). Defendants' advice and conduct in representing DenSco and, in doing so, representing  
13 Mr. Chittick as president of DenSco, was consistent with Defendants' practice and experience,  
14 and consistent with the standard of care. Thus, Defendants did not breach their duties to  
15 DenSco. Receiver will also need to prove that if Defendants had not purportedly breached the  
16 standard of care, that DenSco would not have suffered injury. *Id.* Whatever harm befell  
17 DenSco was not an actual or foreseeable result of the advice provided by Defendants. Thus,  
18 Receiver's malpractice claim fails.

19

20 *Aiding and Abetting Breach of Fiduciary Duties*

21 Receiver asserts that Defendants aided and abetted Mr. Chittick in breaching his  
22 fiduciary duties to DenSco. Claims of aiding and abetting require proof that: (1) the primary  
23 tortfeasor must commit a tort that caused injury to the plaintiff; (2) the defendant must know  
24 that the primary tortfeasor's conduct constitutes a breach of duty; (3) the defendant must  
25 substantially assist or encourage the primary tortfeasor in the achievement of that breach and  
26 (4) there must be a causal relationship between the defendant's assistance or encouragement

1 and the primary tortfeasor's commission of the tort. *Wells Fargo Bank v. Az. Laborers,*  
2 *Teamsters and Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485 (Ariz.  
3 2002); *Sec. Title Agency, Inc. v. Pope*, 219 Ariz. 480, 491 (App. 2008). Importantly, "[b]ecause  
4 aiding and abetting is a theory of secondary liability, the party charged with the tort must have  
5 knowledge of the primary violation." *Wells Fargo*, 201 Ariz. at 485.

6 It is unclear from the Complaint what actions the Receiver asserts constitute a breach  
7 of Mr. Chittick's fiduciary duties to DenSco. In any event, as set forth above, Defendants'  
8 advice and conduct in representing DenSco were consistent with the applicable standard of  
9 care. Defendants did not "substantially assist or encourage" Mr. Chittick in breaching his  
10 duties to DenSco, Defendants did not have knowledge of Mr. Chittick's purported "primary  
11 violation," nor is there a causal relationship between Defendants' representation of DenSco  
12 and Mr. Chittick's purported tortious conduct with respect to DenSco. Further, as set forth  
13 above, whatever harm befell DenSco was not an actual or foreseeable result of Defendants'  
14 actions or inactions.

15 **B. Affirmative Defenses**

16 *Statute of Limitations*

17 Both the legal malpractice claim and the aiding and abetting claim have a two-year  
18 statute of limitations. See A.R.S. §12-542(1) (An action "[f]or injuries done to the person of  
19 another" shall be commenced and prosecuted within two years after the cause of action accrues,  
20 and not afterward"). Receiver, who stands in the shoes of DenSco, did not file the Complaint  
21 in this action until October 16, 2017, which was well outside the statute of limitations. DenSco,  
22 and potentially the Investors, could have discovered at least as of Summer 2014, that DenSco's  
23 loans to Menaged (or his entities) and DenSco's lending practices with respect to Menaged,  
24 could give rise to potential causes of action against Mr. Chittick or his agents. Consequently,  
25 because the statute of limitations ran, at the latest, in the Summer of 2016, the Complaint is  
26 barred in its entirety.

1 *In pari delicto* and *unclean hands*

2 Arizona law recognizes the doctrine of *in pari delicto*. *Brand v. Elledge*, 89 Ariz. 200,  
3 205, 360 P.2d 213, 217 (1961) (quoting *Furman v. Furman*, 34 N.Y.S.2d 699, 704 (N.Y. Sup.  
4 Ct. 1941), *aff'd*, 40 N.E.2d 643 (N.Y. 1942)). *In pari delicto* is an affirmative defense by which  
5 a party is barred from recovering damages if his losses are substantially caused by activities  
6 the law forbade him to engage in." *Stewart v. Wilmington Trust SP Servs., Inc.*, 112 A.3d 271,  
7 301-02 (Del. Ch.), *aff'd*, 126 A.3d 1115 (Del. 2015) (quotation omitted). The defense may  
8 be raised against a receiver. *Id.* ("no cogent reason for sparing the innocent Receiver the effect  
9 of *in pari delicto* while equally innocent stockholders or policyholders would be barred from  
10 relief in the derivative context"); *Knauer v. Jonathon Roberts Fin. Grp., Inc.*, 348 F.3d 230,  
11 236 (7th Cir. 2003) (affirming dismissal of the receiver's claims against the broker dealers,  
12 concluding that they were barred by the defense of *in pari delicto*).

13 Here, to the extent there are claims against the Defendants, DenSco, into whose shoes  
14 the Receivers steps, bears fault for damages about which it complains. Thus, the Receiver's  
15 claims are barred by doctrine of *in pari delicto* and, to the extent it specifically seeks equitable  
16 relief, by the related doctrine of *unclean hands*.

17  
18 *Laches*

19 A claim is barred by *laches* when the delay in bringing the claim is "unreasonable under  
20 the circumstances" given "the party's knowledge of his or her right" and "any change in  
21 circumstances caused by the delay has resulted in prejudice to the other party sufficient to  
22 justify denial of relief." *Mathieu v. Mahoney*, 174 Ariz. 456, 459, 851 P.2d 81, 84 (1993).  
23 Receiver seeks to recover potentially millions of dollars in alleged damages resulting from  
24 loans Mr. Chittick made to Menaged. DenSco would have been aware of the harms that could  
25 befall DenSco and its investors as a result of DenSco's loans to, and lending practices with,  
26 Menaged, by Summer 2014 at the latest. DenSco's inaction for several years, up through the

1 death of Mr. Chittick, to seek relief against any potential third party for harms suffered by  
2 DenSco was unreasonable in light of DenSco's knowledge. Because the Receiver steps into  
3 DenSco's shoes, the claims are barred.

4

5 *Setoff*

6 Clark Hill filed a proof of claim in the DenSco Receivership for unpaid fees incurred  
7 by Clark Hill on behalf of DenSco after Mr. Chittick's death. The Receiver improperly denied  
8 the claim on the basis of an alleged conflict of interest. To the extent Defendants are found to  
9 owe Plaintiff anything, that debt must be reduced any sums Plaintiff owes Clark Hill.

10 Additional defenses:

- 11
- 12 • Third parties, including Mr. Chittick and Menaged, over whom Defendants
  - 13 have no authority or control, are at fault for any damages suffered.
  - 14
  - 15 • DenSco, in to whose shoes the Receiver steps, is at fault for any damages
  - 16 suffered.
  - 17 • DenSco, in to whose shoes the Receiver steps, assumed the risk of any actions
  - 18 taken or not taken by DenSco or Mr. Chittick. *Hildebrand v. Minyard*, 16 Ariz.
  - 19 App. 583, 585, 494 P.2d 1328, 1330 (1972) ("A plaintiff who by contract or
  - 20 otherwise expressly agrees to accept a risk of harm arising from the defendant's
  - 21 negligent or reckless conduct cannot recover for such harm . . .") (*quoting*
  - 22 Restatement (Second) of Torts § 496(B) (1965)).
  - 23 • Receiver cannot demonstrate proximate cause or loss causation because
  - 24 Defendants are not the actual or proximate cause of any damages suffered.
  - 25 • Any damages suffered were the result of intervening or superseding events or
  - 26 causes over which the Defendants had no control and were not legally
- responsible.
- Receiver's claims are barred by doctrines of waiver and estoppel.

1  
2 Discovery is continuing. Defendants may supplement.

3 **III. WITNESSES.**

4 Because no discovery has taken place, Defendants have not yet identified all persons it  
5 may call as witnesses at trial, but reserves the right to call any of the following persons to  
6 testify as a witness at trial:

- 7  
8 1. David Beauchamp  
9 c/o Coppersmith Brockelman, PLC  
10 2800N. Central Avenue, Suite 1900  
11 Phoenix, Arizona 85004

12 Mr. Beauchamp is expected to testify regarding the allegations in the Complaint and  
13 his representation of DenSco and of Mr. Chittick in his capacity as president of DenSco.

- 14 2. Peter Davis, Receiver of DenSco Investment Corporation  
15 c/o Osborn Maledon, P.A.  
16 2929 N. Central Avenue, Suite 2100  
17 Phoenix, Arizona 85012

18 Mr. Davis is expected to testify regarding the allegations in the Complaint; the  
19 Receiver's evaluations, analyses, and determinations regarding all aspects of DenSco's  
20 finances, including, but not limited to, DenSco's loans, lending practices, record keeping,  
21 financial transactions, and solvency; the Receiver's maintenance of any DenSco or Chittick  
22 records or property, including, but not limited to, electronic records, websites, and email  
23 communications; the Receiver's communications with third parties related to DenSco,  
24 including communications with financial institutions, investors, and accountants and other  
25 professionals; the Receiver's determinations regarding the Receiver's evaluation and analysis  
26 regarding the potential fault, liability, or culpability of any third party with respect to any  
losses suffered by DenSco, including, but not limited, to Chase Bank, U.S. Bank, Yomtov  
Menaged, Active Funding Group, LLC, and/or Gregg Seth Reichman.

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- 3. Any witnesses disclosed by other parties.
  - 4. Any witnesses that become known through discovery.
  - 5. Custodian or other foundational witnesses necessary to admit exhibits.
- Discovery is continuing. Defendants may supplement.

**IV. ADDITIONAL PERSONS WHO MAY HAVE RELEVANT INFORMATION.**

1. Yomtov "Scott" Menaged

Scott Menaged is expected to have knowledge regarding all aspects of any personal, financial, or business dealings he may have had with DenSco and Mr. Chittick; all aspects of the fraud(s) he perpetrated on DenSco and Mr. Chittick, either directly, or through one of his entities, including, but not limited to, Easy Investments, LLC, Arizona Home Foreclosures, LLC, Furniture King, LLC, and Scott's Fine Furniture; all aspects of actions or conduct related to his criminal indictment, plea bargain, or sentencing in the United States District Court for the District of Arizona; his communications with DenSco and Mr. Chittick; and his communications with Mr. Beauchamp.

2. PMK Easy Investments, LLC  
10510 East Sunnyside Drive  
Scottsdale, AZ 85259

*See Description for Scott Menaged.*

3. PMK Arizona Home Foreclosures, LLC  
7320 West Bell Road  
Glendale, AZ 85308

*See Description for Scott Menaged.*

1 4. PMK Furniture King, LLC  
2 3200 North Central Avenue  
3 Suite 2460  
4 Phoenix, AZ 85012

5 *See Description for Scott Menaged.*

6 5. PMK Scott's Fine Furniture

7 *See Description for Scott Menaged.*

8 6. Veronica Castro aka Veronica Gutierrez Reyes  
9 c/o Thomas W. Warshaw Attorney at Law  
10 33147 North 71<sup>st</sup> Way  
11 Scottsdale, AZ 85266

12 Ms. Castro is expected to have knowledge regarding Menaged's personal, financial, or  
13 business dealings with DenSco and Mr. Chittick; the fraud(s) Menaged perpetrated on  
14 DenSco and Mr. Chittick, either directly, or through one of Menaged's entities; Menaged's  
15 communications with DenSco and Mr. Chittick; Menaged's communications with Mr.  
16 Beauchamp; the actions or conduct related to Menaged's criminal indictment, plea bargain,  
17 or sentencing in the United States District Court for the District of Arizona; and Ms. Castro's  
18 communications with DenSco and Mr. Chittick.

19 7. Luigi Amoroso

20 Mr. Amoroso is expected to have knowledge regarding Menaged's personal, financial,  
21 or business dealings with DenSco and Mr. Chittick; the fraud(s) Menaged perpetrated on  
22 DenSco and Mr. Chittick, either directly, or through one of Menaged's entities; Menaged's  
23 communications with DenSco and Chittick; Menaged's communications with Mr.  
24 Beauchamp; the actions or conduct related to Menaged's criminal indictment, plea bargain,  
25 or sentencing in the United States District Court for the District of Arizona; and Mr.  
26 Amoroso's communications with DenSco and Mr. Chittick.

1 8. Alberto Pena  
2 c/o Law Office of Cameron A. Morgan  
3 4356 North Civic Center Plaza  
4 Suite 101  
5 Scottsdale, AZ 85251

6 Mr. Pena may have knowledge regarding Menaged's personal, financial, or business  
7 dealings with DenSco and Chittick; the fraud(s) Menaged perpetrated on DenSco and  
8 Chittick, either directly, or through one of Menaged's entities; Menaged's communications  
9 with DenSco and Mr. Chittick; and the actions or conduct related to Mr. Pena's and  
10 Menaged's criminal indictment, plea bargain, or sentencing in the United States District  
11 Court for the District of Arizona.

12 9. Troy Flippo  
13 c/o Storrs Law Firm PLLC  
14 1421 East Thomas Road  
15 Phoenix, AZ 85014

16 Mr. Flippo may have knowledge regarding Menaged's personal, financial, or business  
17 dealings with DenSco and Mr. Chittick; the fraud(s) Menaged perpetrated on DenSco and  
18 Mr. Chittick, either directly, or through one of Menaged's entities; Menaged's  
19 communications with DenSco and Chittick; and the actions or conduct related to Flippo's and  
20 Menaged's criminal indictment, plea bargain, or sentencing in the United States District  
21 Court for the District of Arizona.

22 10. Menaged family members, including, Joseph Menaged, Michelle Menaged,  
23 Jennifer Bonfiglio, Joy Menaged, Jess Menaged

24 Menaged's family may have knowledge regarding Menaged's personal, financial, or  
25 business dealings with DenSco and Chittick; the fraud(s) Menaged perpetrated on DenSco  
26 and Chittick, either directly, or through one of Menaged's or his Family's entities; the use of  
funds obtained from DenSco; Menaged's communications with DenSco and Chittick; and the



1 actions or conduct related to Menaged's criminal indictment, plea bargain, or sentencing in  
2 the United States District Court for the District of Arizona.

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11. Shawna Heuer  
c/o Bonnett Fairbourn, PC  
2325 E. Camelback Road  
Phoenix, Arizona 85016

Ms. Heuer is expected to have knowledge regarding Mr. Beauchamp's work on behalf of DenSco after Mr. Chittick's death and her communications with Mr. Beauchamp. Ms. Heuer may also have knowledge regarding Mr. Chittick and DenSco's business, and Mr. Chittick's communications with Mr. Beauchamp, Menaged, or DenSco's investors.

12. Jeff Goulder  
Stinson Leonard Street  
1850 North Central Avenue, Suite 2100  
Phoenix, Arizona 85004

Mr. Goulder is expected to have knowledge regarding the negotiations of the Forbearance Agreement. Mr. Goulder also may have knowledge regarding Menaged's businesses, business practices, and finances. Mr. Goulder also may have knowledge regarding Menaged's communications with Mr. Beauchamp.

13. David Preston  
c/o Gammage & Burnham  
2 N. Central Avenue, Suite 15  
Phoenix, Arizona 85004

Mr. Preston is expected to have knowledge regarding DenSco and Mr. Chittick's finances and tax returns. Mr. Preston is also expected to have knowledge regarding Mr. Chittick's retirement plan.

1 14. DenSco Investors

2 The Investors are expected to have knowledge regarding Mr. Chittick's  
3 communications to the Investors and their knowledge of DenSco's business, the status of  
4 their investments, and the status of DenSco's loans at all relevant times.

5  
6 15. PMK Chase Bank  
7 3800 North Central Avenue  
8 Suite 460  
9 Phoenix, AZ 85012

10 Chase Bank is expected to have knowledge regarding Menaged's banking practices,  
11 including Menaged's use of Chase Bank to perpetrate his fraud on DenSco and Chittick.

12 16. PMK US Bank  
13 3800 North Central Avenue  
14 Suite 460  
15 Phoenix, AZ 85012

16 US Bank is expected to have knowledge regarding Menaged's banking practices,  
17 including Menaged's use of Chase Bank to perpetrate his fraud on DenSco and Chittick.

18 17. Gregg Seth Reichman/Active Funding Group  
19 Attention: Andrew Abraham  
20 702 East Osborn Road  
21 Suite 200  
22 Phoenix, AZ 85014

23 Mr. Reichman may have knowledge regarding Menaged's businesses, business  
24 practices, and finances; the fraud(s) Menaged perpetrated on DenSco and Mr. Chittick, either  
25 directly, or through one of Menaged's entities; and Mr. Reichman or his entities' (including  
26 Active Funding Group) participation in any of those fraudulent schemes (as suggested by the  
Receiver's Petition No. 45).

1 18. Daniel Schenk  
2 c/o Coppersmith Brockelman, PLC  
3 2801N. Central Avenue, Suite 1900  
4 Phoenix, Arizona 85004

5 Mr. Schenk is expected to have knowledge regarding any work he performed on  
6 behalf of DenSco and Mr. Chittick in his capacity as president of DenSco. Mr. Schenk may  
7 also have knowledge of Menaged's communications with Beauchamp, Menaged  
8 communications with Mr. Chittick, and Mr. Beauchamp's communications with Mr. Chittick.

9 19. Robert Anderson  
10 c/o Coppersmith Brockelman, PLC  
11 2802N. Central Avenue, Suite 1900  
12 Phoenix, Arizona 85004

13 Mr. Anderson is expected to have knowledge regarding any work he performed on  
14 behalf of DenSco and Mr. Chittick in his capacity as president of DenSco.

15 **V. PERSONS WHO HAVE GIVEN STATEMENTS.**

16 None at this time. Discovery is continuing. Defendants may supplement.

17 **VI. EXPERT WITNESSES.**

18 Defendants will identify expert witnesses in accordance with the schedule ordered by  
19 the Court.

20 **VII. COMPUTATION AND MEASURE OF DAMAGES.**

21 Plaintiff is not entitled to recover damages against Defendants.

22 Discovery is continuing. Defendants may supplement.

23 **VIII. EXHIBITS.**

24 Defendants have not yet identified which of the documents listed in Section IX below  
25 will be used at trial, and therefore expressly reserve the right to introduce any of the listed  
26 documents as exhibits at trial. Defendants may also use any documents identified in any other

1 party's disclosure statement or otherwise disclosed in this matter. By reserving the right to  
2 introduce any of the listed documents as exhibits at trial, Defendants do not waive their right  
3 to object to the introduction of any of these documents at the time of trial. Defendants will  
4 supplement this initial disclosure statement in accordance with Arizona Rules of Civil  
5 Procedure 26.1(b)(2).

6 Discovery is continuing. Defendants may supplement.

7 **IX. LIST OF RELEVANT DOCUMENTS.**

8 Defendants have not yet identified any additional relevant documents. The  
9 following documents, or categories of documents, may be relevant or lead to discovery of  
10 admissible evidence in this action and have already been exchanged or are being produced  
11 herewith:

- 12 1. Documents previously produced by Clark Hill bates labeled CH\_0000001-  
13 13330.
- 14 2. Additional documents produced herewith by Clark Hill bates labeled  
15 CH\_0013331-13374.
- 16 3. Documents previously produced by Plaintiff including bates labeled  
17 DIC000001-25330, 28634-53950 and Quickbooks backup.
- 18 4. Documents previously produced by Plaintiff including bates labeled D126751-  
19 128731 and 130972-133111.
- 20 5. Documents previously produced by Bryan Cave in response to Subpoena Duces  
21 Tecum bates labeled BC000001-3188.
- 22 6. Documents produced herewith by Dave Preston in response to Subpoena Duces  
23 Tecum bates labeled DP000001-601.
- 24 7. Any and all documents in CR-17-00680, United States of America v. Yomtov  
25 Scott Menaged, et al.
- 26 8. All documents produced by any party or third party in this litigation.

- 1 9. All pleadings, filings, minute entries, orders and judgments.  
2 10. All deposition or hearing transcripts in the above captioned litigation.  
3 11. All transcripts from any Section 341 creditor meetings, Rule-2004 examinations,  
4 depositions, or hearings in Yomtov Menaged's bankruptcy pending in the United  
5 States Bankruptcy Court for the District of Arizona at 2:16-bk-04268.

6 Defendants reserves the right to supplement the list of documents that may be relevant  
7 as information becomes available.

8 **X. INSURANCE AGREEMENTS.**

9 Not applicable.

10

11

12 DATED this 9<sup>th</sup> day of March, 2018.

13

COPPERSMITH BROCKELMAN PLC

14

By: 

John E. DeWulf  
Marvin C. Ruth  
Vidula U. Patki  
2800 North Central Avenue, Suite 1900  
Phoenix, Arizona 85004  
Attorneys for Defendants

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20 ORIGINAL mailed and emailed this  
9<sup>th</sup> day of March, 2018 to:

21

Colin F. Campbell, Esq.  
Geoffrey M. T. Sturr, Esq.  
Joshua M. Whitaker, Esq.  
OSBORN MALEDON, P.A.  
2929 N. Central Ave., Suite 2100  
Phoenix, AZ 85012-2793  
Attorneys for Plaintiff

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VERIFICATION

STATE OF ARIZONA     )  
                                  ) ss.  
COUNTY OF Maricopa    )

David G. Beauchamp, being first duly sworn upon his oath, deposes and says:

I, David G. Beauchamp, am a Defendant in the matter *Peter S. Davis, as Receiver for DenSco Investment Corp. v. Clark Hill PLC; David G. Beauchamp and Jane Doe Beauchamp, Maricopa County Superior Court Case No. CV2017-013832*. I have read the foregoing Defendants' Initial Rule 26.1 Disclosure Statement and know its contents. The matters stated in the foregoing Initial Rule 26.1 Disclosure Statement are true and correct to the best of my knowledge except as to those matters that are stated upon information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of Arizona that the foregoing is true and correct.

DATED this 12<sup>th</sup> day of March, 2018.

David G. Beauchamp  
David G. Beauchamp



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VERIFICATION

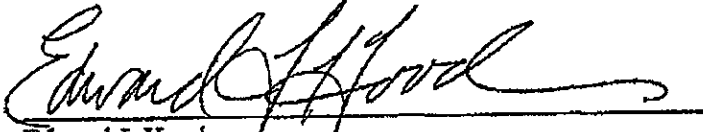
STATE OF MICHIGAN     )  
                              ) ss.  
COUNTY OF WAYNE     )

Edward J. Hood, being first duly sworn upon his oath, deposes and says:

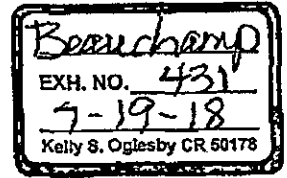
I, Edward J. Hood, am General Counsel of Clark Hill PLC, a Defendant in the matter *Peter S. Davis, as Receiver for DenSco Investment Corp. v. Clark Hill PLC; David G. Beauchamp and Jane Doe Beauchamp, Maricopa County Superior Court Case No. CV2017-013832*. I am authorized to make this Verification on its behalf. I have read the foregoing Defendant's Initial Rule 26.1 Disclosure Statement and know its contents. The matters stated in the foregoing Initial Rule 26.1 Disclosure Statement are true and correct to the best of my knowledge except as to those matters that are stated upon information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of Michigan that the foregoing is true and correct.

DATED this 9<sup>th</sup> day of March, 2018.

  
Edward J. Hood





**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**July 1, 2009**

640728.5

BC\_002357



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

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

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**General Obligations Notes**

**Minimum Purchase \$50,000**

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

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

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

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$480,000
Offering Maximum	\$50,000,000	-0-	\$49,980,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) Its President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$20,000, will be paid from the Company's general operating funds.

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

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

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


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

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

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


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

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



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

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



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

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

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

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

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

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## MEMORANDUM SUMMARY

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


### The Company

DenSco Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation, which has been in operation since April, 2001. In the eight years of operation from April, 2001 through June, 2009, the Company has engaged in 1640 loan transactions. The Company has been and will continue to be engaged primarily in funding purchases of houses through preforeclosure process, foreclosure sales and funding and purchasing construction loans, all of which will be secured by real estate deeds of trust ("Trust Deeds") to Arizona builders of new commercial and residential properties with defined loan-to-value ratios. The Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.


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

### The Offering

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



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



**Restricted Nature of Securities:**

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

**Risk Factors:**

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

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

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

## BUSINESS

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

### Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$50,000 to \$500,000, and the largest loan size is not intended to exceed \$1,000,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The target loan duration is to last between two to four months and all loans are structured to require monthly interest payments.


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

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

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

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

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



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

#### **Cash Flow**

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



#### **Limited Due Diligence**

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

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

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


### **Collections**

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



## Regulation

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



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

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

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such




regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully vested.


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

#### Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed 200 approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed 500 qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes and condominiums to \$1,000,000 custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.



Because of these varying degrees of diversification, the relatively short duration of each of the loans, and management's knowledge of the Phoenix metropolitan area market, the Company anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately 1800 loans secured by real estate over the last twelve (12) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced thirty-two (32) loan defaults that required initiating a Trustee's sale process, with five of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed seven properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.



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

#### **Executive Offices**

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

## RISK FACTORS

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

### Operating History

In the Company's eight year operating history through June 2009, the Company has completed in excess of 1475 loan transactions. However, even with these number of loans over eight years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

### Competition

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

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

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

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Decrease in Value of Collateral for the Loans in Company's Portfolio**

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Expansion of Real Estate Loan Base**

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

#### **Demand for Real Estate Loans**

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

#### **Management of Rapid Growth**

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

### **No Sinking Fund Provision; Lack of Governmental Insurance**


The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

### **Terms of Notes**

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

### **Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes**


The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and



interest on a Note in these circumstances could be limited to the Noteholder's ability to gain control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

#### **Variable Rates and Maturities of Notes**

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."



Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

#### **Value of Company's Assets**

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no




assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

#### **Collections and Foreclosures**

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."


#### **No Assurance of Conventional Financing for the Company's Operations**

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of 12% per annum. Funds advanced in this manner are generally



only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

### Regulation



Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements, or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business - Regulation," including the predatory mortgage lending discussion contained therein.

### FHA Regulations

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the

Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

#### **No Assurance of Successful Placement of the Notes**

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

#### **Absence of Public Market/ Non-Transferability of Notes**

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."



### **Impact of Change in Economic Conditions**

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."



### **Dependence on Key Personnel**

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

### **Management's Outside Interests and Conflicts of Interest**

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company.


Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

#### **No Protections From Investment Company Act Registration**

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

#### **Control by and Benefits to Insiders**

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."



### **Difficulties and Costs of Continuous Offering**

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.



### **Certain Charter Provisions**

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

#### **Notes Are Unsecured General Obligations**

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code) also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

#### **Changes in Investment and Financing Policies Without Noteholder Approval**


The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's management. The Company's management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.



### **Issuance of Additional Debt and Equity Securities**

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

### **Concentration of Loans in Arizona**



The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

### **Possible Inadequacy of Allowances for Loan Losses**

The Company's allowance for losses related to the loans is maintained at a level considered adequate by management to absorb anticipated losses, based upon historical experience and upon management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the



Company's control and such losses may exceed current estimates. Although management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

#### **Broad Management Discretion as to Use of Proceeds**

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

#### **Company Is Exposed to Risks of Being a Lender**


The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.



### **Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans**

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

### **Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes**



The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

### **Violation of Various Federal, State and Local Laws May Result in Losses**

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

#### **Delays in Liquidation Due to State and Local Laws**


Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

#### **An Investment in the Notes May Not Be Consistent With Section 404 of ERISA**

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

#### **There Can Be no Assurance of Confidentiality**

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps




to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

#### **Legal Counsel to the Company and Its President Does Not Represent the Noteholders**

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

#### **Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President**



Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

#### **Federal Income Tax Risks**


The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.



## FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.



## USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .04 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions &amp; Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$20,000	4%	\$20,000	.04%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$480,000	96%	\$49,980,000	99.96%

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- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent (1%) of the principal Note amount.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.



(4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

## PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. From January 2009 to the end of June 2009, there has been an additional \$800,000 raised. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately thirty (30) cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than ten percent (10%) of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,378,000, with the value of underlying homes totaling \$6,393,000. Of those 37 loans, 15 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,431,000. All interest due from all loans was collected.

In 2002, the Company funded 69 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,685,000, with the value of the underlying homes totaling \$8,780,000. Of the 69 new loans in 2002 and the remaining unpaid loans from late 2001, 66 were repaid in 2002. These repaid loans totaled \$5,267,000, with the value of the underlying homes equaling \$9,076,300. All interest due from all loans was collected.

In 2003, the Company funded 124 loans. The aggregate amount of these loans totaled \$11,673,000, with the value of the underlying homes totaling \$17,530,500. Of the 124 new loans in 2003 and the remaining unpaid loans from late 2002, 106 were repaid in 2003. These repaid loans totaled \$9,693,500, with the value of the underlying homes equaling \$14,488,500. All interest due from all loans was collected.

In 2004, the Company funded 185 loans. The aggregate amount of these loans totaled \$19,907,000, with the value of the underlying homes totaling \$30,422,600. Of the 185 new loans in 2004 and the remaining unpaid loans from late 2003, 170 were repaid in 2004. These repaid loans totaled \$17,951,700, with the value of the underlying homes equaling \$26,939,500. All interest due from all loans was collected.

In 2005, the Company funded 236 loans. The aggregate amount of these loans totaled \$34,955,700, with the value of the underlying homes totaling \$50,487,300. Of the 236 new loans in 2005 and the remaining unpaid loans from late 2004, 232 were repaid in 2005. These

repaid loans totaled \$31,001,940, with the value of the underlying homes equaling \$45,111,500. All interest due from all loans was collected.

In 2006, the Company funded 215 loans. The aggregate amount of these loans totaled \$34,468,100, with the value of the underlying homes totaling \$52,784,000. Of the 215 new loans in 2006 and the remaining unpaid loans from 2005, 212 were repaid in 2006. These repaid loans totaled \$35,301,250, with the value of the underlying homes equaling \$53,057,200. One loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, the Company funded 271 loans. The aggregate amount of these loans totaled \$42,269,767, with the value of the underlying homes totaling \$65,574,500. Of the 271 new loans in 2007 and the remaining unpaid loans from 2006, 257 were repaid in 2007. These repaid loans totaled \$41,424,815, with the value of the underlying homes equaling \$65,482,800. One condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principle loss, much of the interest was collected on all four loans. The loss was absorbed by the Company.

In 2008, the Company funded 364 loans. The aggregate amount of these loans totaled \$47,329,758, with the value of the underlying homes totaling \$77,616,000. Of the 364 new loans in 2008 and the remaining unpaid loans from 2007, 257 were repaid in 2008. Such repaid loans totaled \$34,578,755 with the value of the underlying homes equaling \$56,255,500. While one condominium and six homes were sold with minimal principle loss, much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

From January 1, through June 30, 2009, the Company has funded 182 loans for a total of \$17,932,000, with the underlying homes valued at \$31,623,000. There have been 153 loans repaid in 2009 for a total of \$18,227,000, and house values of \$31,178,000. All loans that have closed have paid all interest due. There have been five homes that have been foreclosed on in

2009. All but three homes that have been acquired in 2008 and 2009 have been sold or are in escrow presently. All homes that were acquired and rented will be sold over the next year as investment properties to other parties. There are no loans presently in threat of being foreclosed on or any borrowers requesting a Deed in Lieu.

Since inception through June 30, 2009, the Company has participated in 1629 loans, with an average loan amount of \$128,259, with the highest single loan being \$800,000 and lowest being \$18,000. The aggregate amount of loans funded is \$211,024,492 with property values totaling \$334,365,490. The total amount of loans that have funded and closed is \$193,786,231 with home values equaling \$305,340,299. These loans have borne interest rates of 18% to 24% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.



## MANAGEMENT

### Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny I. Chittick, 41, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.



### Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

### Employees


With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

### **Contingency Plan in the Event of Death or Disability of Mr. Chittick**

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has ten (10) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for hundreds of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

### **Management Compensation**


As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management -- Management Compensation." As the Company expands its lending operations and increases the workload of



Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

#### Ownership Compensation

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company intends to retain earnings in the Company up to the level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.



Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$1,200,000 in Notes, but this amount varies from \$1 million to \$1.8 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.



PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick 6132 W. Victoria Place Chandler, AZ 85226	500,000	100%

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.




## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

### Competing Businesses



During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company.


See "Risk Factors -- Management's Outside Interests and Conflicts of Interest."

## DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors -- Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment on the payment due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.


The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the Company, interest payments may be paid by check mailed to the address of the investor entitled



thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.



As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.


Notes are initially being offered at the following rates and maturities:

Note Terms (2)(3)

Note Amount (1)	6 Months	1 Year	2 Years to 5 Years
\$50,000 and up	8% <sup>(4)</sup>	10% <sup>(4)</sup>	12% <sup>(4)</sup>


- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increments with a minimum of \$10,000.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such



indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note.



The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.


## PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the Securities and Exchange Commission or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

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- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.




### DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.



## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS



The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.




U.S. Holders

*Interest*

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

*Market Discount*



A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

### *Sale, Exchange or Disposition of Notes*

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

### **Non-U.S. Holders**

#### *Interest*

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

#### *Sale, Exchange or Other Disposition of Notes*

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

## U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

## U.S. Backup Withholding and Information Reporting

### *U.S. Holders*

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

*Non-U.S. Holders*

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

**THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.**



## INVESTOR SUITABILITY

### General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

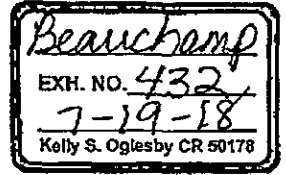
## Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (including the person's residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In computing net worth for the purpose of (5) above, the principal residence of the investor must be valued at cost, including cost of improvements, or at recently appraised value by an institutional lender making a secured loan net of encumbrances. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.



**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**July 1, 2011**

688856.4

BC\_002912

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

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

**Confidential Private Offering Memorandum**

**DenSco Investment Corporation**

**General Obligations Notes**

**Minimum Purchase \$50,000**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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## MEMORANDUM SUMMARY

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

### The Company

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

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

### The Offering

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

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

**Restricted Nature of**

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

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

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

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

## BUSINESS

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

### Target Markets and Potential Future Markets

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

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




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

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

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

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



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

#### **Cash Flow**

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



#### **Limited Due Diligence**

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

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

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


### **Collections**

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



## Regulation

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



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

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

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

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

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

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

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

#### Diversity of Risk

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


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

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

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

#### **Executive Offices**


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



## RISK FACTORS

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

### Operating History



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

### Competition

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



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

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

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Decrease in Value of Collateral for the Loans in Company's Portfolio**

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

#### **Expansion of Real Estate Loan Base**

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and rebal any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

#### **Demand for Real Estate Loans**

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."


#### **Management of Rapid Growth**

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."



**No Sinking Fund Provison; No Separate Loan Loss Reserve; Lack of Governmental Insurance**

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."



**Terms of Notes**

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."


### **Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes**

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

### **Variable Rates and Maturities of Notes**

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest




rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

#### **Value of Company's Assets**

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

#### **Collections and Foreclosures**



The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."


#### **No Assurance of Conventional Financing for the Company's Operations**

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's

management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of 12% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

#### Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently




structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business – Regulation," including the predatory mortgage lending discussion contained therein.

#### **FHA Regulations**

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

#### **No Assurance of Successful Placement of the Notes**



The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

#### **Absence of Public Market/ Non-Transferability of Notes**

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market



will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

#### **Impact of Change in Economic Conditions**

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

#### **Dependence on Key Personnel**

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such

plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

#### **Management's Outside Interests and Conflicts of Interest**

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

#### **No Protections From Investment Company Act Registration**


The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

#### **No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law**

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's management believes that the Company is not engaged in the business of providing investment advice for compensation. Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

#### **Control by and Benefits to Insiders**

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."



## Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor *might* seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.



## Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

#### **Notes Are Unsecured General Obligations**

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code") also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

#### **Changes in Investment and Financing Policies Without Noteholder Approval**


The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's management. The Company's management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.



### **Issuance of Additional Debt and Equity Securities**

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

### **Concentration of Loans in Arizona**



The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

### **Possible Inadequacy of Allowances for Loan Losses**

The Company's allowance for losses related to the loans is maintained at a level considered adequate by management to absorb anticipated losses, based upon historical experience and upon management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

#### **Broad Management Discretion as to Use of Proceeds**

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

#### **Company Is Exposed to Risks of Being a Lender**


The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.



### **Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans**

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

### **Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes**



The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

### **Violation of Various Federal, State and Local Laws May Result in Losses**

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the



Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

#### **Delays in Liquidation Due to State and Local Laws**

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

#### **An Investment in the Notes May Not Be Consistent With Section 404 of ERISA**

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

#### **There Can Be no Assurance of Confidentiality**

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

#### **Legal Counsel to the Company and Its President Does Not Represent the Noteholders**

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

#### **Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President**

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

#### **Federal Income Tax Risks**

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.



## FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

## USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions &amp; Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

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- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

(4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

## PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. [The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.]

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$2,100,000 was raised from existing and new investors. In 2010, an additional \$2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for



its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

Year	Loans Funded	Loan Value	Value of loans	Loans Repaid	Loans Repaid Value	Value of Homes Repaid
2001	37	\$3,378,000.00	\$6,393,000.00	15	\$1,452,000.00	\$2,431,000.00
2002	69	\$5,685,000.00	\$878,000.00	66	\$5,267,000.00	\$9,076,300.00
2003	124	\$11,673,000.00	\$1,753,500.00	106	\$963,500.00	\$14,488,500.00
2004	185	\$19,907,000.00	\$30,422,600.00	170	\$17,951,700.00	\$26,939,500.00
2005	236	\$34,955,700.00	\$50,487,300.00	232	\$31,001,940.00	\$45,111,500.00
2006	215	\$34,468,100.00	\$52,784,000.00	212	\$35,301,250.00	\$53,057,200.00
2007	272	\$42,579,634.00	\$65,931,500.00	257	\$41,424,815.00	\$65,482,800.00
2008	304	\$38,864,660.00	\$63,671,300.00	257	\$34,578,755.00	\$56,369,400.00
2009	412	\$41,114,707.00	\$72,078,020.00	349	\$39,416,824.00	\$67,713,100.00
2010	390	\$37,973,097.00	\$63,771,350.00	355	\$37,175,201.00	\$61,666,170.00
*2011	378	\$36,187,995.00	\$62,240,600.00	*300	\$29,883,992.00	\$51,004,900.00
					\$274,416,977.00	\$453,340,370.00

		\$306,786,893. 00	\$470,411,170. 00			
	2622			2019		
*Through June 30, 2011						

From 2001-2005, all interest due from all loans was collected.

In 2006, one loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, one condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest was collected on all four loans. One land loan was written off. The loss was absorbed by the Company.

In 2008, one condominium and six homes were sold with minimal principal loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, one condominium and 12 homes were sold with principle loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. The Company also acquired a 12-plex that was a construction loan. This is being rented and managed by a property management firm.

In 2010, one house was sold for a loss. It was acquired through foreclosure in 2009; the loss was absorbed by the Company.

In 2011, three homes were sold for a loss. The losses were absorbed by the Company. There were three homes that were sold for a gain and all interest was paid in full. One house is presently in escrow, which will close in July, to which a gain will be made.

The Company presently has three condominiums, 12 houses and a 12-plex that are all being rented. A professional management company has been retained to manage these properties. All of these properties are listed to be sold. The rent received is at or slight negative to the cost of capital for the Company. It was Management's decision to retain these properties rather than sell them and take a loss. Now that the market has shown some signs of strengthening, it is believed that these properties can be sold for minimal loss to the Company.

The Company has one condominium and one lot are currently for sale. The lot is currently be negotiated to be rented by a construction company at the cost of capital. The goal is sell both of these properties as soon as possible.

Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170. The total amount of loans that have funded and closed is \$274,416,977 with home values equaling \$453,340,340. These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

## MANAGEMENT

### Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny J. Chittick, 4<sup>th</sup>, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

### Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

### Employees


With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

### **Contingency Plan in the Event of Death or Disability of Mr. Chittick**

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for thousands of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.


### **Management Compensation**

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management -- Management Compensation." As the Company expands its leading operations and increases the workload of



Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

#### Ownership Compensation



The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick	500,000	100%
6132 W. Victoria Place		
Chandler, AZ 85226		

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.




## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

### Competing Businesses



During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."



## DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors - Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.


The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:


Note Terms (2) (3)

<u>Note Amount (1)</u>	<u>6 Months</u>	<u>1 Year</u>	<u>2 Years to 5 Years</u>
\$50,000 and up	8% <sup>(4)</sup>	10% <sup>(4)</sup>	12% <sup>(4)</sup>

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.



The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure indebtedness will be superior in priority to the general claim of a Noteholder.



Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.


## PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, or any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."


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- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

### DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.



## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS



The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.



PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.




U.S. Holders

*Interest*

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

*Market Discount*



A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

### *Sale, Exchange or Disposition of Notes*


A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

### *Non-U.S. Holders*

#### *Interest*

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments



made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.



*Sale, Exchange or Other Disposition of Notes*

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.


## **U.S. Federal Estate Taxes**

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

## **U.S. Backup Withholding and Information Reporting**


### ***U.S. Holders***

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.



*Non-U.S. Holders*

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.



In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

**THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.**

## INVESTOR SUITABILITY

### General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.


The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.



## Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- 
- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
  - (2) A private business development company as defined in Section 202(a) (22) of the Investment Advisers Act of 1940;
  - (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;



- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SBP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

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**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 4

Date: April 22, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 150,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: April 22, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

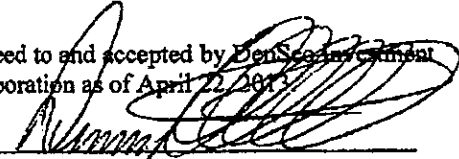
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by Desert Classic Investments  
Corporation as of April 22, 2013

By: 

Name: Denny J. Chittick

Title: President

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DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 1

Date: October 1, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

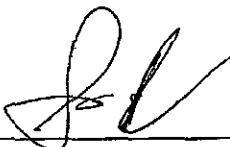
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: October 1, 2013

By:   
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven G. Bunger, Managing Member of LLC  
Print Name of Investor

Address: 6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

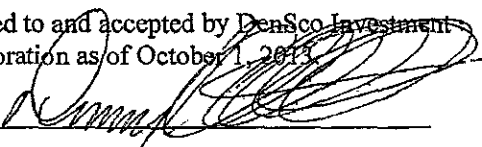
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment Corporation as of October 1, 2013

By: 

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 1

Date: February 8, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

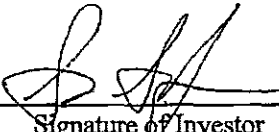
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 8, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bumger,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSec Investment  
Corporation as of February 8, 2013.

By: 

Name: Denny J. Chittick

Title: President



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**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 2

Date: March 5, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: March 5, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

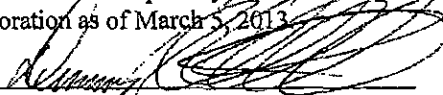
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by ~~DenSoc~~ Investment  
Corporation as of March 5, 2013.

By: 

Name: Denny J. Chittick

Title: President

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DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

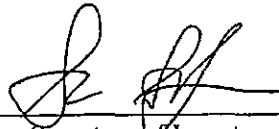
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ ~~1,000,000.00~~ <sup>655K 605K</sup> for 24 months that will bear interest at the rate of ~~12~~ % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: March 8, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSoo Investment  
Corporation as of March 8, 2013.

By:   
\_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION

## SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 4

Date: April 22, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_ % per year ( \_\_\_\_\_ % monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_ % per year ( \_\_\_\_\_ % monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

provided to me in writing by the Company. The undersigned understands that all documents, records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the



investment is suitable. The undersigned represents that the undersigned meets such suitability standards.

(g) The Note when purchased will be acquired for the account of the undersigned.

(h) The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company. The undersigned further understands that such exemptions depend upon my investment intent at the time the undersigned acquires the Note. The undersigned therefore represents and warrants that the undersigned is purchasing the Note for my own account for investment and not with a view to distribution, assignment, resale or other transfer of the Note. Except as specifically stated herein, no other person has a direct or indirect beneficial interest in the Note. Because the Note is not registered, the undersigned is aware that the undersigned must hold it indefinitely (until the Maturity Date in the Note) unless it is registered under the Act and any applicable state securities laws or the undersigned must obtain exemptions from such registration.

(i) The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time.

(j) The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements. The undersigned acknowledges that the Company is under no duty to register the Notes or comply with any exemption in connection with any attempt by me to sell, transfer or other disposition of the Note by me. The undersigned understands that in the event the undersigned desires to sell, assign, transfer, hypothecate or in any way alienate or encumber my Note in the future, the President of the Company can require that the undersigned provides, at the undersigned's own expense, an opinion of counsel satisfactory to the President to the effect that such action will not result in a violation of applicable federal or state securities laws and regulations or other applicable federal or state laws and regulations.

(k) The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire.

(l) The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising. The solicitation of an offer to purchase the Note was directly communicated to me. At no time was the undersigned presented with or solicited by or through any leaflet, public promotional meeting, circular, newspaper or

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

5. Miscellaneous.

(a) The undersigned agrees that the undersigned may not cancel, terminate or revoke this Subscription Agreement or any covenant hereunder and that this Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company. Further, the undersigned agrees that this Subscription Agreement and the representations, warranties and covenants contained herein shall survive my death or disability and shall be binding upon my heirs, executors, administrators, successors and assigns.

(b) This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Arizona, without regard to principles of conflicts of law provisions.

(c) Within five days after receipt of a written request from the Company, the undersigned agrees to provide such information and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and ordinances to which the Company is subject.

(d) This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: April 22, 2013

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Binger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by Desert Classic Investments  
Corporation as of April 22, 2013

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, LLC

Address: 6134 W Trovita Place

Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 400,000.00

Date of Issue: 4/22/2013

Maturity Date: 4/22/2015

## INTEREST

Annual Rate: 12%

Payable:  Monthly  Quarterly  At Maturity

First Interest Payment Date: 5/31/2013

## NOTICE TO HOLDER:

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chirtzek - President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 5

Date: July 23, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

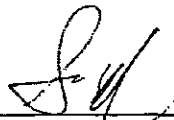
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 300,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: July 23, 2013

By:   
Signature of Investor

Desert Classic Investments, L.L.C., Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

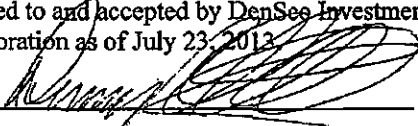
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSee Investment Corporation as of July 23, 2013

By: 

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 4

Date: December 20, 2013

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 500,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

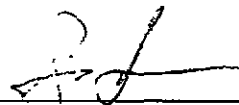
As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise



DATED: December 20, 2013

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

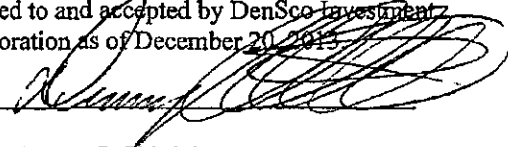
SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investments  
Corporation as of December 20, 2013  
By:   
Name: Denny J. Chittick  
Title: President

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Burger

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Date: October 1, 2013

INVESTOR NO. 134

**DENSCO INVESTMENT CORPORATION  
PROSPECTIVE PURCHASER QUESTIONNAIRE  
(ACCREDITED INVESTORS)**

The following information is furnished to DenSco Investment Corporation, an Arizona corporation (the "Company") for the Company to determine whether I am qualified to invest in a general obligation, unsecured note (the "Note") from the Company pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. I, the undersigned, understand that you will rely upon the following information for purposes of such determination, and that the Note will not be registered under the Securities Act in reliance upon the exemption from registration provided by Sections 3(b) and 4(2) of the Securities Act, Regulation D thereunder, and comparable provisions of applicable state securities laws.

This Prospective Purchaser Questionnaire must be completed by each potential Investor who has indicated an interest in purchasing a Note from the Company. Individual Investors and each Co-Investor (other than a spouse) must complete and sign a separate Prospective Purchaser Questionnaire and adult custodians must complete this Prospective Questionnaire for individual minor Investors. Shareholders of corporations (or members of an LLC, or partners of a partnership or a beneficiary of a trust) (collectively, an "Equity Owner") also may need to furnish additional information as applicable.

I further understand that I may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate my status as an Accredited Investor.

ALL INFORMATION CONTAINED IN THIS PROSPECTIVE PURCHASER QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY. However, it is agreed that you may present this document to such parties as you deem appropriate if called upon to establish that the proposed offer and sale of the Notes is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws. I understand that a false statement by me will constitute a violation of my representations and warranties under this Investor Questionnaire and the Subscription Agreement submitted with this Questionnaire and may also constitute a violation of law, for which a claim for damages may be made against me. My investment in the Notes will not be accepted until Denny Chittick (the "President"), who is the President of the Company, determines that I satisfy all of the suitability standards set forth in the Confidential Private Offering Memorandum, dated July 1, 2009 (the "POM") and in Rule 501(a) of Regulation D under the Securities Act.

**Please answer every question.** If the answer to any questions is "None" or "Not Applicable" please so state.

The Prospective Purchaser Questionnaire does not constitute an offer by the Company or any agent to sell any securities, but is merely a request for information.

Please complete, sign, date and return the Prospective Purchaser Questionnaire to the Company. Your investment in the Company will not be accepted until the Company determines that you satisfy all of the requisite suitability standards.

**For Individual Investors, please complete pages 2 to 4 and sign on page 4.**

**For Organizational Investors, please complete pages 4 to 7 and sign on page 7.**

I, the undersigned Prospective Investor hereby supply you with the following information and representations:

PLEASE PRINT

I. INDIVIDUAL INVESTORS

A. GENERAL INFORMATION

Name of Investor\* Steven G & Mary E Bunger Estate, LLC  
Residence Address 6134 W Trovita Place

City Chandler State AZ Zip Code 85226 -

Home Telephone Number (                      )

Email Address: steve@bunger.me

Work Number (                      ) -                     

Cellular Number (                      ) -                     

U.S. Citizen            Yes    No                        

Social Security Number (Investor)                     

(Co Investor, if any)\*\*                     

\* ALL INFORMATION REQUESTED IN CONNECTION WITH INVESTMENTS UNDER THE UNIFORM GIFT TO MINORS ACT SHOULD BE GIVEN ON BEHALF OF THE ADULT CUSTODIAN, NOT THE MINOR BENEFICIARY, UNLESS OTHERWISE INDICATED.

\*\* EACH CO-INVESTOR (OTHER THAN SPOUSE) MUST COMPLETE AND SIGN A SEPARATE QUESTIONNAIRE.

Name of Custodian (if investment is pursuant to Uniform Gift to Minors Act)

Name of Beneficiary

1. Set forth in the space provided below the state(s) in which you maintain your principal residence.  
\_\_\_\_\_  
\_\_\_\_\_
2. Do you maintain residence in any other states? If yes, in which state(s)?  
\_\_\_\_\_  
\_\_\_\_\_
3. In which state, if any, are you registered to vote?  
\_\_\_\_\_
4. In which state, if any, do you presently hold a valid driver's license?  
\_\_\_\_\_
5. Are you age 21 or older?    Yes    No

**B. INDIVIDUAL ACCREDITATION, SOPHISTICATION, AND SUITABILITY**

1. **Accredited Investor Status.** Please complete each of the following certifications:

- A. I certify that I have an individual net worth (or a joint net worth with my spouse) in excess of \$1,000,000 (**excluding** homes, home furnishings and automobiles). **Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that investors subtract from their net worth the amount of indebtedness on any home owned by an investor that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount.**

Yes            No

OR

- B. I certify that I had individual income (excluding any income of my spouse) of more than \$200,000 in each of the previous two calendar years, or joint income with my spouse of more than \$300,000 in each of those years, and I reasonably expect to have an individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in the current year.

Yes            No

The above information supplied by me is true and correct in all respects and I recognize that the Company is materially relying on the truth and accuracy of such information.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

*Star Benger*

PRINT Name of Investor

*[Signature]*

PRINT Name of Co Investor, if any

Signature of Investor

Signature of Co Investor, if any

II. ORGANIZATIONAL INVESTOR

A. GENERAL INFORMATION

1. Name of Organization: \_\_\_\_\_
2. Date of Organization \_\_\_\_\_
3. Fiscal Year End \_\_\_\_\_
4. State and Country of Organization \_\_\_\_\_
5. Taxpayer Identification Number \_\_\_\_\_
6. Principal Business Address \_\_\_\_\_  
\_\_\_\_\_
7. Home Telephone Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Work Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Cellular Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_
8. Type of Organization and Business Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 2

Date: July 1, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 900,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: July 1, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

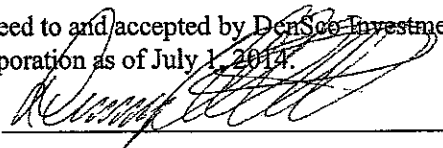
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSoc Investment Corporation as of July 1, 2014.

By: 

Name: Denny J. Chittick

Title: President



DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 4

Date: May 1, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

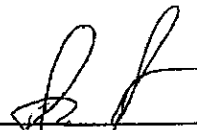
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 550,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: May 1, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address:  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

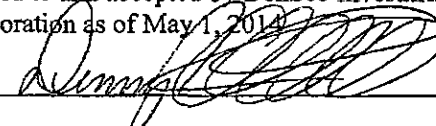
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address:  
\_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment Corporation as of May 1, 2014

By: 

Name: Denny J. Chittick

Title: President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 5

Date: January 21, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

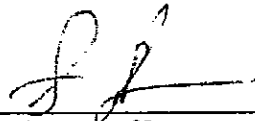
- Accrual Note in the amount of \$\_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$\_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 500,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: January 21, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bungler,  
Managing Member of LLC  
Print Name of Investor

Address: 6134 W Troyita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

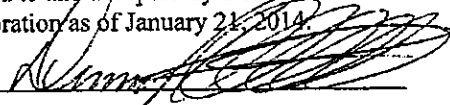
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSee Investment Corporation as of January 21, 2014.

By: 

Name: Denny J. Chittick

Title: President

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**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 6

Date: January 22, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

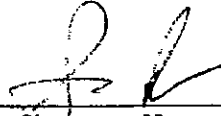
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 500,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: January 22, 2014

By:   
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: 6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

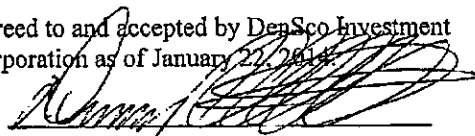
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by Dep Sco Investment Corporation as of January 22, 2014

By: 

Name: Denny J. Chittick

Title: President

$\Delta$  to  
trust



Date: February 8, 2013

INVESTOR NO. 134

**DENSCO INVESTMENT CORPORATION  
PROSPECTIVE PURCHASER QUESTIONNAIRE  
(ACCREDITED INVESTORS)**

The following information is furnished to DenSco Investment Corporation, an Arizona corporation (the "Company") for the Company to determine whether I am qualified to invest in a general obligation, unsecured note (the "Note") from the Company pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. I, the undersigned, understand that you will rely upon the following information for purposes of such determination, and that the Note will not be registered under the Securities Act in reliance upon the exemption from registration provided by Sections 3(b) and 4(2) of the Securities Act, Regulation D thereunder, and comparable provisions of applicable state securities laws.

This Prospective Purchaser Questionnaire must be completed by each potential Investor who has indicated an interest in purchasing a Note from the Company. Individual Investors and each Co-Investor (other than a spouse) must complete and sign a separate Prospective Purchaser Questionnaire and adult custodians must complete this Prospective Questionnaire for individual minor Investors. Shareholders of corporations (or members of an LLC, or partners of a partnership or a beneficiary of a trust) (collectively, an "Equity Owner") also may need to furnish additional information as applicable.

I further understand that I may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate my status as an Accredited Investor.

ALL INFORMATION CONTAINED IN THIS PROSPECTIVE PURCHASER QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY. However, it is agreed that you may present this document to such parties as you deem appropriate if called upon to establish that the proposed offer and sale of the Notes is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws. I understand that a false statement by me will constitute a violation of my representations and warranties under this Investor Questionnaire and the Subscription Agreement submitted with this Questionnaire and may also constitute a violation of law, for which a claim for damages may be made against me. My investment in the Notes will not be accepted until Denny Chittick (the "President"), who is the President of the Company, determines that I satisfy all of the suitability standards set forth in the Confidential Private Offering Memorandum, dated July 1, 2009 (the "POM") and in Rule 501(a) of Regulation D under the Securities Act.

Please answer every question. If the answer to any questions is "None" or "Not Applicable" please so state.

The Prospective Purchaser Questionnaire does not constitute an offer by the Company or any agent to sell any securities, but is merely a request for information.

Please complete, sign, date and return the Prospective Purchaser Questionnaire to the Company. Your investment in the Company will not be accepted until the Company determines that you satisfy all of the requisite suitability standards.

**For Individual Investors, please complete pages 2 to 4 and sign on page 4.**

**For Organizational Investors, please complete pages 4 to 7 and sign on page 7.**

I, the undersigned Prospective Investor hereby supply you with the following information and representations:

PLEASE PRINT

I. INDIVIDUAL INVESTORS

A. GENERAL INFORMATION

Name of Investor\* Desert Classic Investments, LLC

Residence Address 6134 W Trovita Place

City Chandler State AZ Zip Code 85226 -

Home Telephone Number ( [REDACTED] )

Email Address: steve@bunger.me

Work Number ( [REDACTED] )

Cellular Number ( [REDACTED] )

U.S. Citizen Yes No

Social Security Number (Investor) [REDACTED] EIN# [REDACTED]

(Co Investor, if any)\*\* [REDACTED]

\* ALL INFORMATION REQUESTED IN CONNECTION WITH INVESTMENTS UNDER THE UNIFORM GIFT TO MINORS ACT SHOULD BE GIVEN ON BEHALF OF THE ADULT CUSTODIAN, NOT THE MINOR BENEFICIARY, UNLESS OTHERWISE INDICATED.

\*\* EACH CO-INVESTOR (OTHER THAN SPOUSE) MUST COMPLETE AND SIGN A SEPARATE QUESTIONNAIRE.

Name of Custodian (if investment is pursuant to Uniform Gift to Minors Act)

Stam G & Mary E Burger dated 5/10/95

Name of Beneficiary \_\_\_\_\_

1. Set forth in the space provided below the state(s) in which you maintain your principal residence.

AZ

2. Do you maintain residence in any other states? If yes, in which state(s)?

No

3. In which state, if any, are you registered to vote?

AZ

4. In which state, if any, do you presently hold a valid driver's license?

AZ

5. Are you age 21 or older?  Yes  No

B. INDIVIDUAL ACCREDITATION, SOPHISTICATION, AND SUITABILITY

1. Accredited Investor Status. Please complete each of the following certifications:

A. I certify that I have an individual net worth (or a joint net worth with my spouse) in excess of \$1,000,000 (excluding homes, home furnishings and automobiles). Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that investors subtract from their net worth the amount of indebtedness on any home owned by an investor that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount.

Yes  No

OR

B. I certify that I had individual income (excluding any income of my spouse) of more than \$200,000 in each of the previous two calendar years, or joint income with my spouse of more than \$300,000 in each of those years, and I reasonably expect to have an individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in the current year.

Yes  No

The above information supplied by me is true and correct in all respects and I recognize that the Company is materially relying on the truth and accuracy of such information.

Dated this 10 day of FEB, 2013.

Stae Burger  
PRINT Name of Investor

Mary Burger  
PRINT Name of Co Investor, if any

[Signature]  
Signature of Investor

Mary Burger  
Signature of Co Investor, if any

II. ORGANIZATIONAL INVESTOR

A. GENERAL INFORMATION

1. Name of Organization: \_\_\_\_\_
2. Date of Organization \_\_\_\_\_
3. Fiscal Year End \_\_\_\_\_
4. State and Country of Organization \_\_\_\_\_
5. Taxpayer Identification Number \_\_\_\_\_
6. Principal Business Address \_\_\_\_\_  
\_\_\_\_\_
7. Home Telephone Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Work Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_  
Cellular Number (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_
8. Type of Organization and Business Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Send Mail to: \_\_\_\_\_  
 \_\_\_\_\_
10. Number of Equity Owners: \_\_\_\_\_
11. Has the subscribing Organization been formed for the specific purpose of purchasing Notes?    Yes                      No

B. ORGANIZATION ACCREDITATION, SOPHISTICATION AND SUITABILITY

1. **Accredited Investor Status.** Please complete each of the following certifications:

1.1 The undersigned Organization certifies that EACH of its Equity Owners meets at least ONE of the following conditions:

(i) Such Equity Owner is a natural person whose individual net worth (or joint net worth with his or her spouse) exceeds \$1,000,000 (excluding homes, home furnishings and personal property). [Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that equity owners subtract from their net worth the amount of indebtedness on any home owned by an equity owner that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount]; or

(ii) Such Equity Owner is a natural person who had an individual income in excess of \$200,000 in each of the previous two calendar years, or joint net worth with his or her spouse of more than \$300,000, in each of those years and who reasonably expects to have an individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, for the current calendar year; or

(iii) Such Equity Owner of the Investor is a corporation, partnership or revocable trust and all of the shareholders, partners or grantors, respectively, of such corporation, partnership or revocable trust can answer yes to statement 1.1(i) or 1.1(ii) above.

Yes                      No

1.2 The undersigned Organization is a revocable or grantor trust and each person with the power to revoke the trust qualifies as an Accredited Investor under 1.1(i) or 1.1(ii) above.

Yes                      No

1.3 The undersigned Organization is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, and the investment decision is made by a Plan Fiduciary, as defined in Section 3(21) of such Act which is a bank, savings and loan association, insurance company or registered investment advisor.

Yes No

1.4 The undersigned Organization is a qualified profit sharing or defined contribution Plan, the Plan provides for segregated accounts for each Plan Participant, the governing documents of the Plan provide that each participant may direct the trustee to invest his or her funds in the investment vehicles of his or her choice and the purchase of the note(s) is made pursuant to an exercise by the Plan Participant, who is an Accredited Investor under subparagraph 1.1(i) or 1.1(ii) above, of such power to direct the investments of his or her segregated account. This Prospective Purchaser Questionnaire and the Subscription Agreement must be completed and executed by such Plan Participant.

Yes No

1.5 The undersigned Organization certifies that it is a bank as defined in Section 3(a)(2) of the Securities Act.

Yes No

1.6 The undersigned Organization certifies that it is a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act.

Yes No

1.7 The undersigned Organization certifies that it is an insurance company as defined in Section 2(13) of the Securities Act.

Yes No

1.8 The undersigned Organization certifies that it is an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940.

Yes No

1.9 The undersigned Organization certifies that it is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

Yes No

1.10 The undersigned Organization certifies that it is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

Yes            No

1.11 The undersigned Organization certifies that it has total assets in excess of \$5,000,000.

Yes            No

1.12 The undersigned Organization certifies that it is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

Yes            No

2. **Sophistication.** Person(s) making the investment decision on behalf of the Organization to purchase a Note:

Name	Organization Position
------	-----------------------

_____	_____
_____	_____

The above information supplied by the undersigned is true and correct in all respects and the undersigned recognizes that the Company is relying materially on the truth and accuracy of such information.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

PRINT Name of Organization: \_\_\_\_\_

PRINT Name of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

PRINT Title or Capacity in which signing of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

Signature of Individual with authority to make investment decisions on behalf of Organization: \_\_\_\_\_

142 Alexander Kruger

D150279  
#8604



- 3604  
7-1  
Back to  
Dorset Class

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 1

Date: May 1, 2014

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

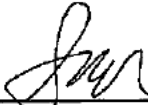
- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
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- Monthly Payment Note in the amount of \$ 850,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: May 1, 2014

By:   
Signature of Investor

Alexandra Shea Bunger Irrevocable Trust Dated 12-29-95, Steven Bunger, Trustee  
Print Name of Investor

Address: 6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): [REDACTED]

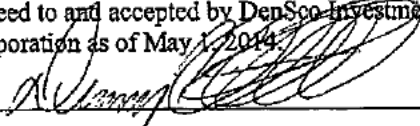
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSoo Investment Corporation as of May 1, 2014.

By: 

Name: Denny J. Chittick

Title: President

Date: May 1, 2014

INVESTOR NO. 142

**DENSCO INVESTMENT CORPORATION  
PROSPECTIVE PURCHASER QUESTIONNAIRE  
(ACCREDITED INVESTORS)**

The following information is furnished to DenSco Investment Corporation, an Arizona corporation (the "Company") for the Company to determine whether I am qualified to invest in a general obligation, unsecured note (the "Note") from the Company pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. I, the undersigned, understand that you will rely upon the following information for purposes of such determination, and that the Note will not be registered under the Securities Act in reliance upon the exemption from registration provided by Sections 3(b) and 4(2) of the Securities Act, Regulation D thereunder, and comparable provisions of applicable state securities laws.

This Prospective Purchaser Questionnaire must be completed by each potential Investor who has indicated an interest in purchasing a Note from the Company. Individual Investors and each Co-Investor (other than a spouse) must complete and sign a separate Prospective Purchaser Questionnaire and adult custodians must complete this Prospective Questionnaire for individual minor Investors. Shareholders of corporations (or members of an LLC, or partners of a partnership or a beneficiary of a trust) (collectively, an "Equity Owner") also may need to furnish additional information as applicable.

I further understand that I may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate my status as an Accredited Investor.

ALL INFORMATION CONTAINED IN THIS PROSPECTIVE PURCHASER QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY. However, it is agreed that you may present this document to such parties as you deem appropriate if called upon to establish that the proposed offer and sale of the Notes is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws. I understand that a false statement by me will constitute a violation of my representations and warranties under this Investor Questionnaire and the Subscription Agreement submitted with this Questionnaire and may also constitute a violation of law, for which a claim for damages may be made against me. My investment in the Notes will not be accepted until Denny Chittick (the "President"), who is the President of the Company, determines that I satisfy all of the suitability standards set forth in the Confidential Private Offering Memorandum, dated July 1, 2009 (the "POM") and in Rule 501(a) of Regulation D under the Securities Act.

**Please answer every question.** If the answer to any questions is "None" or "Not Applicable" please so state.

The Prospective Purchaser Questionnaire does not constitute an offer by the Company or any agent to sell any securities, but is merely a request for information.

Please complete, sign, date and return the Prospective Purchaser Questionnaire to the Company. Your investment in the Company will not be accepted until the Company determines that you satisfy all of the requisite suitability standards.

**For Individual Investors, please complete pages 2 to 4 and sign on page 4.**

**For Organizational Investors, please complete pages 4 to 7 and sign on page 7.**

I, the undersigned Prospective Investor hereby supply you with the following information and representations:

PLEASE PRINT

I. INDIVIDUAL INVESTORS

A. GENERAL INFORMATION

Name of Investor\* Alexandra Shea Bunger Irrevocable Trust Dated 12-29-95

Residence Address 6134 W Trovita Place

City Chandler State AZ Zip Code 85226 -

Home Telephone Number (                      )                     

Email Address: steve@bunger.me

Work Number (                      )                     

Cellular Number (                      )                     

U.S. Citizen            Yes    No

Social Security Number (Investor)                     

(Co Investor, if any)\*\*                     

\* ALL INFORMATION REQUESTED IN CONNECTION WITH INVESTMENTS UNDER THE UNIFORM GIFT TO MINORS ACT SHOULD BE GIVEN ON BEHALF OF THE ADULT CUSTODIAN, NOT THE MINOR BENEFICIARY, UNLESS OTHERWISE INDICATED.

**\*\* EACH CO-INVESTOR (OTHER THAN SPOUSE) MUST COMPLETE AND SIGN A SEPARATE QUESTIONNAIRE.**

Name of Custodian (if investment is pursuant to Uniform Gift to Minors Act)

\_\_\_\_\_

Name of Beneficiary \_\_\_\_\_

1. Set forth in the space provided below the state(s) in which you maintain your principal residence.

\_\_\_\_\_

\_\_\_\_\_

2. Do you maintain residence in any other states? If yes, in which state(s)?

\_\_\_\_\_

\_\_\_\_\_

3. In which state, if any, are you registered to vote?

\_\_\_\_\_

4. In which state, if any, do you presently hold a valid driver's license?

\_\_\_\_\_

5. Are you age 21 or older?    Yes    No

**B. INDIVIDUAL ACCREDITATION, SOPHISTICATION, AND SUITABILITY**

1. **Accredited Investor Status.** Please complete each of the following certifications:

A. I certify that I have an individual net worth (or a joint net worth with my spouse) in excess of \$1,000,000 (excluding homes, home furnishings and automobiles). Note: While the SEC has yet to act on the Wall Street Reform and Investor Protection Act, it has indicated that it may require that investors subtract from their net worth the amount of indebtedness on any home owned by an investor that exceeds the fair market value of the home, provided that the lender of such indebtedness has recourse as to such amount.

Yes                      No

OR

B. I certify that I had individual income (excluding any income of my spouse) of more than \$200,000 in each of the previous two calendar years, or joint income with my spouse of more than \$300,000 in each of those years, and I reasonably expect to have an individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in the current year.

Yes            No

The above information supplied by me is true and correct in all respects and I recognize that the Company is materially relying on the truth and accuracy of such information.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Steve Boren  
PRINT Name of Investor

Steve  
PRINT Name of Co Investor, if any

[Signature]  
Signature of Investor

\_\_\_\_\_  
Signature of Co Investor, if any

**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

COPY

Ladies and Gentlemen:                      Investment # 1                      Date: October 1, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise



records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: October 1, 2015

By: \_\_\_\_\_  
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven  
G. Bunger, Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSCO Investment  
Corporation as of October 1, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

Name  
Signal

D128423  
#8604

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen: Investment # 1 Date: October 1, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 795,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: October 1, 2015

By: \_\_\_\_\_  
Signature of Investor

Steven G & Mary E Bunger Estate, LLC, Steven  
G. Bunger, Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of October 1, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Steven G and Mary E Bunger Address: 6134 W Trovita Place

Estate, LLC Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 795,000.00  
Date of Issue: 10/1/2015  
Maturity Date: 10/1/2017

## INTEREST

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 10/31/2015

## NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities laws.

  
Denny Clitico, President

DENSICO INVESTMENT CORPORATION  
SUBSCRIPTION AGREEMENT

COPY

Ladies and Gentlemen:

Investment # 1

Date: February 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSico Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise



records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: February 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

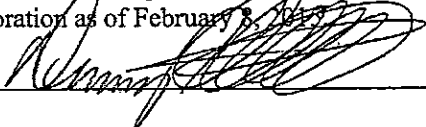
By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of February 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 1

Date: February 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 1,000,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment  
Corporation as of February 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place  
Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 1,000,000.00  
Date of Issue: 2/8/2015  
Maturity Date: 2/8/2017

## INTEREST

Annual Rate: 1.2%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 2/28/2015

## NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities laws.

  
Deputy C. Chittick - President

**DENSCO INVESTMENT CORPORATION**

**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 665,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the



magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.

DATED: March 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSec Investment Corporation as of March 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 3

Date: March 8, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 665,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: March 8, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by Desert Classic Investment  
Corporation as of March 8, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

## REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place  
Chandler, AZ 85226

## PRINCIPAL

Principal Amount: \$ 665,000.00

Date of Issue: 3/8/2015

Maturity Date: 3/8/2017

## INTEREST

Annual Rate: 12%

Payable:  Monthly  Quarterly  At Maturity

First Interest Payment Date: 3/31/2015

## NOTICE TO HOLDER.

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933, unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.

  
Denny J. Chirack - President

**DENSCO INVESTMENT CORPORATION**  
**SUBSCRIPTION AGREEMENT**

Ladies and Gentlemen:

Investment # 4

Date: February 26, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

records and books pertaining to this investment have been made available by the Company for inspection by me or my attorney, accountant and Purchaser Representative. The undersigned is familiar with the Company's business objectives and the financial arrangements in connection therewith and the undersigned believes that the Note being purchased is the kind of securities that the undersigned wishes to hold for investment and that the nature and amount of the Note is consistent with my investment program.

(b) The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same. No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were in any way inconsistent with the POM.

(c) Subject to the terms and conditions hereof and the form of Note, the undersigned hereby irrevocably tenders this Subscription Agreement for the purchase of a Note in the amount indicated in Paragraph 1 above and shall pay for such Note as instructed to by the Company. The undersigned is aware that the subscription made herein is irrevocable but that the Company has the unconditional right to accept or reject this subscription in whole or in part, and that the Notes issued pursuant hereto are subject to the approval of certain legal matters by counsel and to other conditions. If my subscription is not accepted for any reason whatsoever, my money will be returned in full, with any interest that may be earned thereon, and the Company will be relieved of any responsibility or liability which might be deemed to arise out of my offer to subscribe to a Note from the Company.

(d) The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note. The undersigned, and if applicable the undersigned's Purchaser Representative, has carefully reviewed the POM. The undersigned has, either alone or together with my Purchaser Representative, such knowledge and experience in business and financial matters as will enable me to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(e) The undersigned has been advised and understands that this investment in a Note is, by its nature, very speculative and that an investment in the Note involves a high degree of economic risk, due to a number of risks. In addition, there is, and will be, no public market for the Note.

(f) The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time. The undersigned acknowledges that this investment is speculative and may only be sold to persons who understand the nature of the proposed operations of the Company and for whom the

magazine article, radio or television advertisement or any other form of general advertising in connection with such communicated offer.

(m) The undersigned recognizes that an investment in the Company involves certain risks and I (and my Purchaser Representative) have taken full cognizance of and understand all of the risk factors related to the business objectives of the Company and the purchase of the Note, including the risk factors for speculative investments as described in the POM.

(n) No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment.

(o) The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

(p) All information that the undersigned has provided in the Purchaser Questionnaire, including, without limitation, information concerning myself, my financial position and my knowledge of financial and business matters and that of my Purchaser Representative, is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of this Subscription Agreement, the undersigned will immediately provide the Company with such information.

(q) If the Subscriber is a corporation, partnership, trust, unincorporated association or other entity, it is authorized and otherwise duly qualified to purchase and hold the Note subscribed hereunder; such entity has not been formed for the specific purpose of acquiring a Note from the Company. If the Subscriber is a trustee and is acquiring the Note for the trust of which he is a trustee, he has sought the advice of counsel regarding whether the purchase of the Note is an authorized trust investment and has been advised by counsel that after reviewing the applicable state law and the terms of the trust instrument, such counsel is of the opinion that the undersigned has the authority to purchase the Note for the trust.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with any applicable federal and/or state securities laws and any applicable exemptions.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any untrue statement made herein or any breach of any such representation or warranty made by the undersigned.



DATED: February 26, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSco Investment Corporation as of February 26, 2015

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

DENSCO INVESTMENT CORPORATION

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Investment # 4

Date: February 26, 2015

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated July 1, 2009 (the "POM"). The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- Accrual Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Quarterly Payment Note in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months that will bear interest at the rate of \_\_\_\_\_% per year (\_\_\_\_% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).
- Monthly Payment Note in the amount of \$ 400,000.00 for 24 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with additional increments in a minimum of at least \$10,000).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

(a) Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment. The undersigned has received and carefully reviewed the POM. The undersigned has relied solely on the information contained therein, and information otherwise

DATED: February 26, 2015

By: \_\_\_\_\_  
Signature of Investor

Desert Classic Investments, LLC, Steven G. Bunger,  
Managing Member of LLC  
Print Name of Investor

Address: \_\_\_\_\_  
6134 W Trovita Place  
Chandler, AZ 85226

SSN (or EIN): \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Investor (if any)

\_\_\_\_\_  
Print Name of Co-Investor (if any)

Address: \_\_\_\_\_  
\_\_\_\_\_

SSN (or EIN): \_\_\_\_\_

Agreed to and accepted by DenSec Investment Corporation as of February 26, 2015.

By:  \_\_\_\_\_

Name: Denny J. Chittick

Title: President

# DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

### REGISTERED HOLDER

Name: Desert Classic Investments, LLC Address: 6134 W Trovita Place  
Chandler, AZ 85226

### PRINCIPAL

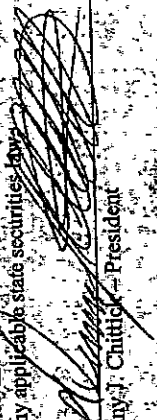
Principal Amount: \$ 400,000.00  
Date of Issue: 2/26/2016  
Maturity Date: 2/26/2018

### INTEREST

Annual Rate: 12%  
Payable:  Monthly  Quarterly  At Maturity  
First Interest Payment Date: 2/29/2016

### NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner, in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities laws.

  
Denny J. Chittick - President

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revd. 04/25/17



# PROOF OF CLAIM

## DenSco Investment Corporation Receivership

Case No. CV 2016-014142

Peter S. Davis, Receiver

This claim is being solicited pursuant to Petition No. \_\_\_\_\_. A claimant is a person entitled to assert a right of payment or claim against DenSco Investment Corporation or against any Receivership Asset. For additional information, please access the Receiver's website at [denscoreceiver1.godaddysites.com](http://denscoreceiver1.godaddysites.com) or [denscoinvestment.com](http://denscoinvestment.com), or contact the Receiver in writing at the address below.

Check here if this Claim:  Replaces  Amends  Supplements

A previously filed claim dated: \_\_\_\_\_

### Claimant Information:

Name: Stan & Mary E Brunger Estate LLC  
Address: 6134 W. Trouty Place  
Chandler AZ 85226  
Email: SBRUNGER@COX.NET  
Telephone: 602-531-3100

**\* URGENT MATTER \***  
**CLAIM FORM MUST BE PROVIDED**  
**TO THE RECEIVER ON OR BEFORE**  
**JUNE 30, 2017**

### INVESTOR CLAIM

An Investor Claim is a claim arising from a the placement or loan of the Claimant's own funds with DenSco Investment Corporation pursuant to Confidential Private Offering Memoranda.

### Calculation of Your Claim:

A. Total Combined Principal Invested:	\$ <u>795,000</u>
B. PLUS Interest Accrued but not Paid through December 31, 2012:	\$ <u>0</u>
C. MINUS Total Principal Withdrawn:	(\$ <u>0</u> )
D. MINUS Total Cash Interest Payments from January 1, 2013 forward:	(\$ <u>254,400</u> )
E. MINUS Third Party Recoveries:	(\$ <u>0</u> )
F. NET CLAIM AMOUNT (A + B - C - D - E)	\$ <u>540,600</u>

### Third Party Recoveries:

- I have not recovered monies from a third party.  
 I recovered part or all of my investment from a third party as described below:

Name of Third Party: \_\_\_\_\_ Amount Recovered: \$ \_\_\_\_\_

### Documentation of Your Claim:

Please attach copies of all documents in support of this claim, such as Private Offering Memoranda, statements, cancelled checks, or any other documents establishing the indebtedness of DenSco Investment Corporation or the Receivership Estate to you. Do not file original documents with your Claim. If a supporting document is not available, you must attach an explanation as to why the document is not available.

### CLAIMANT OATH

I have personal knowledge of the facts set forth above and I declare, under the penalty of perjury, that the above information is true and correct.

Name (Print): Stan Brunger Trust Signature: [Signature] Date: 4/24/17

Name (Print): Mary E Brunger Trust Signature: [Signature] Date: 4/24/17

Provide your completed and signed Proof of Claim and copies of all documents supporting your claim to the Receiver on or before June 30, 2017.

PLEASE MAIL TO:

DenSco Receiver  
Simon Consulting, LLC  
3200 North Central Avenue, Suite 2460  
Phoenix, Arizona 85012

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

**STATEMENT**  
**June 2016**

**INVESTOR**

Name Steven G and Mary E Bunger Estate, LLC  
 Steven Bunger  
 Address 6134 W Trovita Pl  
 Chandler, AZ 85226  
 Phone 480-961-4002

**CURRENT INVESTMENT BALANCE**

**\$795,000.00**

**INVESTMENT HISTORY**

Investment	Date	Maturity
\$795,000.00	10/01/13	10/01/17

**Total Investment \$795,000.00**

**INVESTMENT ACCOUNTS**

<b>Accrual Account</b>	
Interest	
Sub Total	
<b>Quarterly Account</b>	
Interest	
Interest Paid	
Sub Total	\$795,000.00
<b>Monthly Account</b>	
Interest	\$7,950.00
Interest Paid	\$7,950.00
Sub Total	\$795,000.00
<b>Total Balance</b>	<b>\$795,000.00</b>

*Was Not Paid*

**INTEREST EARNED**

Year	Earnings
2013	\$23,850.00
2014	\$95,400.00
2015	\$95,400.00
2016	\$47,700.00
<hr/>	
	262,350
	(7950)
	<hr/>
	254,400

**Total Earnings \$262,350.00**

Thank you for investing with DenSco!



rcvd. 04/25/17

# PROOF OF CLAIM

## DenSco Investment Corporation Receivership

Case No. CV 2016-014142

Peter S. Davis, Receiver

This claim is being solicited pursuant to Petition No. \_\_\_\_\_. A claimant is a person entitled to assert a right of payment or claim against DenSco Investment Corporation or against any Receivership Asset. For additional information, please access the Receiver's website at [denscoreceiver1.godaddy.com](http://denscoreceiver1.godaddy.com) or [denscoinvestment.com](http://denscoinvestment.com), or contact the Receiver in writing at the address below.

Check here if this Claim:  Replaces  
 Amends  
 Supplements

A previously filed claim dated: \_\_\_\_\_

### Claimant Information:

Name: Desert Classic Investments LLC  
Address: 6114 W. Tropic Place  
Chandler AZ 85006  
Email: SPUNGER@COX.NET  
Telephone: 602-531-3122

**\* URGENT MATTER \***  
**CLAIM FORM MUST BE PROVIDED**  
**TO THE RECEIVER ON OR BEFORE**  
**JUNE 30, 2017**

### INVESTOR CLAIM

An Investor Claim is a claim arising from a the placement or loan of the Claimant's own funds with DenSco Investment Corporation pursuant to Confidential Private Offering Memoranda.

### Calculation of Your Claim:

A. Total Combined Principal Invested:	\$ <u>2,055,000.00</u>
B. PLUS Interest Accrued but not Paid through December 31, 2012:	\$ <u>0</u>
C. MINUS Total Principal Withdrawn:	(\$ <u>0</u> )
D. MINUS Total Cash Interest Payments from January 1, 2013 forward:	(\$ <u>1,128,632.42</u> )
E. MINUS Third Party Recoveries:	(\$ <u>0</u> )
F. NET CLAIM AMOUNT (A + B - C - D - E)	\$ <u>926,367.58</u>

### Third Party Recoveries:

- I have not recovered monies from a third party.  
 I recovered part or all of my investment from a third party as described below:

Name of Third Party: \_\_\_\_\_ Amount Recovered: \$ \_\_\_\_\_

### Documentation of Your Claim:

Please attach copies of all documents in support of this claim, such as Private Offering Memoranda, statements, cancelled checks, or any other documents establishing the Indebtedness of DenSco Investment Corporation or the Receivership Estate to you. Do not file original documents with your Claim. If a supporting document is not available, you must attach an explanation as to why the document is not available.

### CLAIMANT OATH

I have personal knowledge of the facts set forth above and I declare, under the penalty of perjury, that the above information is true and correct.

Name (Print): Steven G. Ringer, Dms Signature: [Signature] Date: 4/24/17  
Name (Print): \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Provide your completed and signed Proof of Claim and copies of all documents supporting your claim to the Receiver on or before June 30, 2017.

PLEASE MAIL TO:

DenSco Receiver  
Simon Consulting, LLC  
3200 North Central Avenue, Suite 2460  
Phoenix, Arizona 85012

# DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226  
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737  
 DenScoInvestment.com dcmoney@yahoo.com

## STATEMENT June 2016

INVESTOR	
Name	Desert Classic Investments, LLC Steven Bunger
Address	6134 W Trovita Pl Chandler, AZ 85226
Phone	480-961-4002

CURRENT INVESTMENT BALANCE
<b>\$2,055,000.00</b>

INVESTMENT ACCOUNTS	
<b>Accrual Account</b>	
Interest	
Sub Total	
<b>Quarterly Account</b>	
Interest	
Interest Paid	
Sub Total	
	<b>\$2,055,000.00</b>
<b>Monthly Account</b>	
Interest	\$20,550.00
Interest Paid	\$20,550.00
Sub Total	\$2,055,000.00
<b>Total Balance</b>	<b>\$2,055,000.00</b>

*was not paid*

INVESTMENT HISTORY		
Investment	Date	Maturity
\$1,000,000.00	02/08/13	02/08/17
\$655,000.00	07/01/14	07/01/16
\$400,000.00	02/26/16	02/26/18
<b>Total Investment</b>		<b>\$2,055,000.00</b>

INTEREST EARNED	
Year	Earnings
2013	\$313,416.42
2014	\$342,100.00
2015	\$379,366.00
2016	\$114,300.00
	1,149,182.42
	(20,550.00)
<b>Total Earnings</b>	<b>\$1,128,632.42</b>

Thank you for investing with DenSco!

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Arizona Corporation Commission v. DenSco Investment Corporation

Receivership of DenSco Investment Corporation  
List of Filed Claims

Claim No.	Type	Investor Name	Amount of Claim
1	Investor	William & Helene Alber Family Trust	39,582.00
2	Investor	Brinkman Family Trust	382,113.38
3	Investor	Craig & Tomie Brown Living Trust	291,683.27
4	Investor	Desert Classic Investments, LLC (c/o Steven Bunger)	926,367.58
5	Investor	Steven G. & Mary E. Bunger Estate	540,600.00
6	Investor	Anthony Burdett - IRA	457,765.75
7	Investor	Kennen Burkhart	94,446.91
8	Investor	Kennen Burkhart - IRA	394,812.11
9	Investor	Warren & Fay Bush	152,113.08
10	Investor	Mary Butler - IRA	277,371.94
11	Investor	Van Butler	182,670.52
12	Investor	Van Butler - IRA	277,371.94
13	Investor	Thomas & Sara Byrne 2008 Living Trust	146,114.21
14	Investor	Gretchen P. Carrick Trust	143,946.50
15	Investor	Erin P. Carrick Trust (c/o Gretchen Carrick)	133,109.45
16	Investor	Averill Cate, Jr. & Mary Kris McIlwaine	72,260.16
17	Investor	Arden & Nina Chittick Family Trust	254,368.53
18	Investor	Chittick Family Trust (c/o Eldon & Carlene Chittick)	565,732.00
19	Investor	Cohen Revocable Trust	145,000.00
20	Investor	Dori Ann Davis Living Trust	216,701.00
21	Investor	Glen Davis	465,413.00
22	Investor	Glen Davis - IRA	220,965.00
23	Investor	Samantha Davis	35,079.23
24	Investor	Jack Davis	75,000.00
25	Investor	Scott D. Detota	121,988.78
26	Investor	Amy Lee Dirks - IRA	75,971.31
27	Investor	Bradley Mark Dirks - IRA	175,437.55
28	Investor	Non Lethal Defense, Inc. (c/o Dave Dubay)	58,000.00
29	Investor	Dupper Living Trust	528,551.20
30	Investor	Todd F. Einck Trust	115,157.20
31	Investor	Stacy Grant - IRA	88,646.95
32	Investor	Russ Griswold	58,000.00
33	Investor	Russ Griswold - IRA	95,722.97
34	Investor	Michael & Diana Gumbert Trust	464,000.00
35	Investor	Nihad Hafiz	290,000.00
36	Investor	Robert & Elizabeth Hahn Family Trust	260,581.49
37	Investor	Ralph L. Hey	54,016.39
38	Investor	Dale & Kathy Hickman	744,952.30
39	Investor	Craig & Samantha Hood	1,113,476.57
40	Investor	Doris & Levester Howze	46,400.00
41	Investor	Bill Hughes	71,250.00
42	Investor	Bill Hughes - IRA	329,420.24
43	Investor	Judy Hughes - IRA	188,044.44
44	Investor	Indieke Revocable Trust	3,682,900.00
45	Investor	James K. Jetton	50,000.00
46	Investor	Ralph Kaiser - IRA	395,487.04
47	Investor	Mary Kent	254,226.00
48	Investor	Paul A. Kent Family Trust	144,413.00

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Arizona Corporation Commission v. DenSco Investment Corporation

**Receivership of DenSco Investment Corporation  
List of Filed Claims**

Claim No.	Type	Investor Name	Amount of Claim
49	Investor	Robert Z. Koehler - IRA	176,335.49
50	Investor	LeRoy Kopel Revocable Living Trust	84,723.26
51	Investor	LeRoy Kopel - IRA	158,309.24
52	Investor	Robert F. Lawson	95,528.12
53	Investor	Wayne J. Ledet - IRA	262,513.93
54	Investor	Wayne J. Ledet - Roth IRA	102,706.77
55	Investor	Wayne J. Ledet Revocable Trust	292,611.09
56	Investor	Terry & Lil Lee	58,000.00
57	Investor	The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00
58	Investor	Lillian Lent - Roth IRA	39,685.71
59	Investor	Manuel A. Lent - IRA	94,342.97
60	Investor	William & W. Jean Locke	156,098.00
61	Investor	BLL Capital, LLC (c/o Barry Luchtel)	87,000.00
62	Investor	LJL Capital, LLC (c/o Landon Luchtel)	104,000.00
63	Investor	Jim McArdle	307,835.00
64	Investor	James & Lesley McCoy Trust	232,000.00
65	Investor	Caro McDowell Revocable Trust	180,733.00
66	Investor	The Marvin G. Miller & Patricia S. Miller 1989 Trust	967,132.44
67	Investor	Kaylene Moss - IRA	392,877.84
68	Investor	Moss Family Trust	139,693.21
69	Investor	Muscat Family Trust	290,000.00
70	Investor	Brian & Janice Odenthal	151,819.40
71	Investor	Brian Odenthal - IRA	67,540.43
72	Investor	Jolene Page	1,757,015.53
73	Investor	Valerie Paxton	578,582.04
74	Investor	Marlene Pearce - IRA	103,725.56
75	Investor	Jeff Phalen - IRA	381,901.12
76	Investor	Phalen Family Trust	521,434.00
77	Investor	Preston Revocable Living Trust	92,126.00
78	Investor	Pete Rzonca	141,012.26
79	Investor	JoAnn Sanders	64,677.25
80	Investor	Schloz Family 1998 Trust	110,092.69
81	Investor	Mary Schloz - IRA	112,939.20
82	Investor	Stanley Schloz - IRA	113,511.83
83	Investor	GB 12, LLC (c/o Stanley Schloz)	86,000.00
84	Investor	Annette Scroggin - IRA	150,951.72
85	Investor	Annette Scroggin - Roth IRA	48,383.79
86	Investor	Michael Scroggin	87,000.00
87	Investor	Michael Scroggin - IRA	373,347.02
88	Investor	Michael Scroggin - Roth IRA	86,166.71
89	Investor	William Stewart Sherriff	86,367.90
90	Investor	Saltire, LLC (c/o William Stewart Sherriff)	86,367.90
91	Investor	Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04
92	Investor	Gary D. & Judith E. Siegford	298,516.70
93	Investor	Branson & Sandra Smith Trust	201,900.00
94	Investor	Branson Smith - IRA	237,878.22
95	Investor	Donald E. & Lucinda Sterling	23,750.00
96	Investor	Nancy Swirtz	63,432.00

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Arizona Corporation Commission v. DenSco Investment Corporation

**Receivership of DenSco Investment Corporation  
List of Filed Claims**

<b>Claim No.</b>	<b>Type</b>	<b>Investor Name</b>	<b>Amount of Claim</b>
97	Investor	Long Time Holdings, LLC (c/o William Swirtz)	944,852.00
98	Investor	Coralee Thompson	1,347,953.90
99	Investor	Gary L. Thompson	1,189,282.70
100	Investor	James Trainor	325,614.32
101	Investor	Stephen D Tuttle	137,600.06
102	Investor	Wade Underwood	123,739.00
103	Investor	Laurie A. Weiskopf - IRA	309,584.99
104	Investor	Thomas D. Weiskopf - IRA	14,524.59
105	Investor	Carol J. Wellman	78,983.97
106	Investor	Carol J. Wellman - Roth IRA	40,735.77
107	Investor	Wellman Family Living Trust	64,216.03
108	Investor	Brian & Carla Wenig Family Trust	157,126.76
109	Investor	Mark & Debbie Weng	240,742.47
110	Investor	Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00
111	Investor	Michael Zones	270,382.16
112	Investor	Leslie Jones (c/o Michael Zones)	198,000.00
113	Investor	Leslie Jones - IRA (c/o Michael Zones)	231,779.45
114	Non-Investor	Clark Hill, PLC (06/01/16-08/17/16)	53,820.00
115	Non-Investor	Clark Hill, PLC (08/18/16-09/30/16)	23,046.00
116	Non-Investor	James Richard Hill, Jr.	3,255.00
117	Non-Investor	Carlyle Johnson	6,550.00
118	Non-Investor	Eric Murchinson	1,000.00
119	Non-Investor	Estate of Denny Chittick (c/o Shawna Heuer, PR)	Unknown
			<b>\$ 32,942,060.54</b>



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***Arizona Corporation Commission***  
**v.**  
***DenSco Investment Corporation***  
***(Case No. CV 2016-014142)***

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*Claims Report and Recommendations*  
*of*  
*Peter S. Davis, as Receiver of DenSco Investment Corporation*

*July 31, 2017*

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## 1. Introduction

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco Investment Corporation (“DenSco”) by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court (“Receivership Court”). This report is issued in accordance with the *Order Establishing Procedures for the Adjudication of Claims, Re: Petition No. 19*, entered on March 29, 2017 (“Claims Order”) in the above-referenced case. Pursuant to the Claims Order (§ 1.4), proofs of claim were solicited from all persons entitled to assert a claim against DenSco Investment Corporation (“DenSco”) or against any Receivership Assets, as defined in the Receivership Court’s *Order Appointing Receiver* entered on August 18, 2016 (“Receivership Order”), or any other property in the possession or control of the Receiver.

The Receiver is pleased to report that all known DenSco investors have filed a claim with the Receiver. Specifically, the Receiver has received one hundred thirteen (113) claims from the one hundred fourteen (114) known DenSco investors holding balances as of the date of the receivership<sup>1</sup> and six (6) claims from general unsecured creditors or non-investor creditors. This report sets forth the name of each claimant, the amount claimed, and the Receiver’s recommendations as to each of these claims.

## 2. Notice of Claims Process

Pursuant to the Claims Order (§ 2.1), on April 8, 2017, the Receiver caused to be mailed, by first class mail, a written notice of the DenSco claims process to each potential claimant for whom the Receiver had contact information and some indication that the person may be a creditor of DenSco. This notice included a copy of the Claims Order as well as (a) a Proof of Claim form attached as Exhibit A-1 or A-2 to Petition No. 19, and (b) a *Notice of Right to File Proof of Claim* similar to Exhibit B-1 to Petition No. 19, both of which were approved by the Court via the Claims Order.

In accordance with the Claims Order (§ 2.2), on April 18, 2017, the Receiver caused to be published in the USA Today, a newspaper of national circulation, a notice of the DenSco claims process in a form substantially similar to Exhibit B-2 to Petition No. 19, which was approved by the Court via the Claims Order. In addition, on April 20, April 27, May 4, and May 11, 2017, the Receiver caused the same notice to be published in the Arizona Business Gazette, a newspaper of general circulation within the State of Arizona.

Furthermore, during the week of June 26, 2017, the Receiver contacted various known DenSco investors from whom a claim had not yet been received to ensure that all claimants had an opportunity to submit a claim prior to the claims bar date set forth in the Claims Order.

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<sup>1</sup> One particular investor held two (2) separate DenSco investment accounts but combined the two (2) accounts onto a single claim form.

### 3. Requirements for Approval of Investor Claims

The Claims Order (¶ 5) requires that no claim for interest owed to a claimant by DenSco that accrued on or after the Receivership Date shall be allowed by the Court. The Claims Order (¶ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. In addition, the Claims Order (¶ 5) directs the Receiver to reduce and offset against any claim, the amount of funds received by the claimant from any third party arising out of the claimant's investments with DenSco.

The Claims Order (¶ 3.5) directs claimants to include copies of all documentation supporting their claims as required by the Receiver. The investor claim form requests that investor claimants provide documentation supporting their claims. However, the Receiver has preliminarily calculated each investor's claim pursuant to an extensive investigation of the financial, accounting, and investor records of DenSco.<sup>2</sup> Accordingly, the Receiver has accepted claims that did not contain supporting documentation if the amounts claimed match the Receiver's calculations. Investors who submitted claims for different amounts were required to provide documentation explaining the discrepancy.

### 4. Secured Claims

The Claims Order (¶ 4.1) requires secured claimants to demonstrate by credible evidence that in accordance with applicable laws, the Claimant possesses a valid and perfected security interest in a Receivership Asset. If a Secured Claim is approved by the Court, the Claimant making that claim shall be entitled, to the extent of the secured interest, to receive the asset in which the secured interest exists or the proceeds therefrom, after reimbursement to the Receiver of such costs or expenses as the Court may determine.

The Receiver did not receive any Proofs of Claim asserting a secured claim.

### 5. Investor Claims Recommended for Approval

The Receiver recommends for approval, at this time, the following claims filed by investors in the amounts indicated below. In each case, the Receiver has determined that the claimant meets the requirements of the Claims Order. In all cases, the amount claimed by the claimant has been verified and reconciled to the DenSco records available to the Receiver.

#### 5.1. Claimants' Proof of Claim agrees with the Receiver's calculations

Of the one hundred thirteen (113) claims received from known investors, sixty-three (63) claims totaling \$19,071,205.71 agreed with the Receiver's calculations. Therefore, the Receiver recommends that the following investor claims be approved for the amounts set forth below:

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<sup>2</sup> See Exhibit 2 to the Receiver's Status Report dated 12/23/16 (Petition No. 15).

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INVESTOR CLAIMANT	AMOUNT CLAIMED	AMOUNT APPROVED
Craig & Tomie Brown Living Trust	291,683.27	291,683.27
Anthony Burdett - IRA	457,765.75	457,765.75
Kennen Burkhart	94,446.91	94,446.91
Kennen Burkhart - IRA	394,812.11	394,812.11
Warren & Fay Bush	152,113.08	152,113.08
Mary Butler - IRA	277,371.94	277,371.94
Van Butler	182,670.52	182,670.52
Van Butler - IRA	277,371.94	277,371.94
Thomas & Sara Byrne 2008 Living Trust	146,114.21	146,114.21
Gretchen P. Carrick Trust	143,946.50	143,946.50
Cohen Revocable Trust	145,000.00	145,000.00
Jack Davis	75,000.00	75,000.00
Amy Lee Dirks - IRA	75,971.31	75,971.31
Bradley Dirks - IRA	175,437.55	175,437.55
Non Lethal Defense, Inc. (c/o Dave DuBay)	58,000.00	58,000.00
Dupper Living Trust	528,551.20	528,551.20
Todd F. Einck Trust	115,157.20	115,157.20
Stacy Grant - IRA	88,646.95	88,646.95
Russ Griswold	58,000.00	58,000.00
Russ Griswold - IRA	95,722.97	95,722.97
Michael & Diana Gumbert Trust	464,000.00	464,000.00
Nihad Hafiz	290,000.00	290,000.00
Robert & Elizabeth Hahn Family Trust	260,581.49	260,581.49
Ralph L. Hey	54,016.39	54,016.39
Doris & Levester Howze	46,400.00	46,400.00
Indieke Revocable Trust	3,682,900.00	3,682,900.00
Robert Z. Koehler - IRA	176,335.49	176,335.49
LeRoy Kopel - IRA	158,309.24	158,309.24
Robert F. Lawson	95,528.12	95,528.12
Wayne J. Ledet - IRA	262,513.93	262,513.93
Terry & Lil Lee	58,000.00	58,000.00
The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00	174,000.00
Lillian Lent - Roth IRA	39,685.71	39,685.71
Mamel A. Lent - IRA	94,342.97	94,342.97
BLL Capital, LLC (c/o Barry Luchtel)	87,000.00	87,000.00
LJL Capital, LLC (c/o Landon Luchtel)	104,000.00	104,000.00
James & Lesley McCoy Trust	232,000.00	232,000.00
Muscat Family Trust	290,000.00	290,000.00
Brian Odenthal - IRA	67,540.43	67,540.43
Jolene Page	1,757,015.53	1,757,015.53
Valerie Paxton	578,582.04	578,582.04
Pete Rzonca	141,012.26	141,012.26
JoAnn Sanders	64,677.25	64,677.25
Annette Scroggin - IRA	150,951.72	150,951.72
Annette Scroggin - Roth IRA	48,383.79	48,383.79
Michael Scroggin	87,000.00	87,000.00
Michael Scroggin - IRA	373,347.02	373,347.02
Michael Scroggin - Roth IRA	86,166.71	86,166.71
William Stewart Sheriff	86,367.90	86,367.90

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<u>INVESTOR CLAIMANT</u>	<u>AMOUNT CLAIMED</u>	<u>AMOUNT APPROVED</u>
Saltire, LLC (c/o Stewart Sherriff)	86,367.90	86,367.90
Gary E. Siegford & Cornna C. Esvelt-Siegford	680,105.04	680,105.04
Gary D. & Judith E. Siegford	298,516.70	298,516.70
Branson & Sandra Smith Trust	201,900.00	201,900.00
Branson Smith - IRA	237,878.22	237,878.22
Donald E. & Lucinda Sterling	23,750.00	23,750.00
Coralee Thompson	1,347,953.90	1,347,953.90
Gary L. Thompson	1,189,282.70	1,189,282.70
Carol J. Wellman - Roth IRA	40,735.77	40,735.77
Mark & Debbie Wenig	240,742.47	240,742.47
Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00	179,370.00
Michael Zones	270,382.16	270,382.16
Leslie Jones (c/o Michael Zones)	198,000.00	198,000.00
Leslie Jones - IRA (c/o Michael Zones)	231,779.45	231,779.45
<b>TOTAL</b>	<b>\$ 19,071,205.71</b>	<b>\$ 19,071,205.71</b>

**5.2. Claimants' Proof of Claim varies from the Receiver's calculations due to rounding**

Of the one hundred thirteen (113) claims received from known investors, fourteen (14) claims varied slightly from the Receiver's calculations due to rounding issues. The Receiver recommends that the following investor claims be approved for the amounts set forth below:

<u>INVESTOR CLAIMANT</u>	<u>AMOUNT CLAIMED</u>	<u>RECEIVER'S ADJUSTMT.</u>	<u>AMOUNT APPROVED</u>
Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 133,109.45	\$ (2.00)	\$ 133,107.45
Dori Ann Davis Living Trust	216,701.00	0.64	216,701.64
Glen Davis	465,413.00	(1.00)	465,412.00
Glen Davis - IRA	220,965.00	0.01	220,965.01
Mary Kent	254,226.00	0.08	254,226.08
Paul A. Kent Family Trust	144,413.00	(0.20)	144,412.80
Caro McDowell Revocable Trust	180,733.00	0.33	180,733.33
Phalen Family Trust	521,434.00	(0.80)	521,433.20
Preston Revocable Living Trust	92,126.00	(0.24)	92,125.76
Nancy Swirtz	63,432.00	0.82	63,432.82
Long Time Holdings, LLC (c/o William Swirtz)	944,852.00	0.18	944,852.18
James Trainor	325,614.32	0.02	325,614.34
Carol J. Wellman	78,983.97	0.01	78,983.98
Wellman Family Living Trust	64,216.03	(0.03)	64,216.00
<b>TOTAL</b>	<b>\$ 3,706,218.77</b>	<b>\$ (2.18)</b>	<b>\$ 3,706,216.59</b>

**5.3. Claimants' Proof of Claim is based on June 2016 DenSco statement that includes fictitious interest**

Of the one hundred thirteen (113) claims received from known investors, four (4) claimants filed claims representing their balances pursuant to the June 2016 statements issued by DenSco. These investors did not deduct accrued or cash interest payments received after December 31, 2012, or the date of insolvency. The Receiver recommends that these claims be approved for the

amounts set forth in Exhibit 2 to the Receiver's December 23, 2016 Status Report. Specifically, the Receiver recommends the following investor claims be approved for the amounts set forth below.

<u>INVESTOR CLAIMANT</u>	<u>AMOUNT CLAIMED</u>	<u>RECEIVER'S ADJUSTMT.</u>	<u>AMOUNT APPROVED</u>
Ralph Kaiser - IRA	\$ 395,487.04	\$ (135,090.88)	\$ 260,396.16
Kaylene Moss - IRA	392,877.84	(134,199.65)	258,678.19
Moss Family Trust	139,693.21	(48,261.94)	91,431.27
Stephen D. Tuttle	137,600.06	(52,715.01)	84,885.05
<b>TOTAL</b>	<b>\$ 1,065,658.15</b>	<b>\$ (370,267.48)</b>	<b>\$ 695,390.67</b>

#### 5.4. Claims that are subject to offset

As stated above, the Claims Order (§ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. Several investors have or had multiple DenSco investment accounts, and some of these investors cashed out one or more of their investment accounts after DenSco became insolvent. As a result, certain investors received funds in excess of their principal investment in DenSco and earned a net profit. The Receiver sent demand letters seeking the return of illegal net profits, except for those profits that could be offset against net losses. Of the one hundred thirteen (113) claims received from known investors, nine (9) investor claims are subject to a potential offset for net investment profits received.

##### (1) Steven Bunger, et al.

Steven Bunger ("Bunger") filed two (2) Proofs of Claim on behalf of the Steven G. & Mary E. Bunger Estate ("Bunger Estate") and Desert Classic Investments, LLC ("Desert Classic"). These claims agree with the Receiver's calculations except they do not reflect the cash interest payments of \$7,950.00 and \$20,550.00 received from DenSco by Bunger Estate and Desert Classic respectively in June 2016. Bunger indicated that these payments were not made, but the Receiver has confirmed that all investors (except one) received interest in June 2016. Accordingly, the Receiver recommends that Bunger Estate and Desert Classic's claims be reduced by \$7,950.00 and \$20,550.00 respectively.

Furthermore, Bunger did not account for the net investment profits of \$50,000.00 each received by the Alexandra Bunger Irrevocable Trust ("Alexandra Trust"), the Cassidy Bunger Irrevocable Trust ("Cassidy Trust"), and the Connor Bunger Irrevocable Trust ("Connor Trust") for a total \$150,000.00 ("Bunger Trust Profits"). Desert Classic had a DenSco investor balance of \$4,155,000 as of April 30, 2014. On May 1, 2014, Desert Classic transferred \$850,000 of its investor balance to each of the Alexandra Trust, Cassidy Trust, and Connor Trust. DenSco disbursed interest payments totaling \$50,000 to each of the trusts in 2014. A \$300,000 portion of each of the trust balances was transferred back to Desert Classic on July 1, 2014, and the remaining \$550,000 of each of the trust balances was transferred back to Desert Classic on January 24, 2015. Therefore, the Alexandra Trust, Cassidy Trust, and Connor Trust each received net profits of \$50,000.00. Accordingly, the Receiver recommends that Bunger claims be approved for the amounts set forth below:

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INVESTOR CLAIMANT	AMOUNT CLAIMED	RECEIVER'S ADJUSTMT.	NET PROFIT OFFSET	AMOUNT APPROVED
Steven G. & Mary E. Bunger Estate	\$ 540,600.00	\$ (7,950.00)	-	\$ 532,650.00
Desert Classic Investments, LLC	926,367.58	(20,550.00)	(150,000.00)	755,817.58
<b>TOTAL - BUNGER</b>	<b>\$ 1,466,967.58</b>	<b>\$ (28,500.00)</b>	<b>\$ (150,000.00)</b>	<b>\$ 1,288,467.58</b>

(2) **Marlene Pearce, et al.**

Marlene Pearce ("Pearce") filed a Proof of Claim on behalf of the Marlene Pearce IRA ("MP-IRA") in the amount of \$103,725.56. This claim agrees with the Receiver's calculations; however, Pearce did not account for the net investment profit of \$3,988.00 received by Pearce's individual DenSCO investment. Pearce's net profit resulted from cash interest payments totaling \$3,988.00 disbursed in 2013. Accordingly, the Receiver recommends that MP-IRA's claim be approved for the amount set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	NET PROFIT OFFSET	AMOUNT APPROVED
Marlene Pearce - IRA	\$ 103,725.56	\$ (3,988.00)	\$ 99,737.56
<b>TOTAL - PEARCE</b>	<b>\$ 103,725.56</b>	<b>\$ (3,988.00)</b>	<b>\$ 99,737.56</b>

(3) **Stanley & Mary Schloz, et al.**

Stanley & Mary Schloz ("Schloz") filed four (4) Proofs of Claim on behalf of the Schloz Family 1998 Trust, the Mary Schloz IRA, the Stanley Schloz IRA, and GB 12, LLC. These claims agreed with the Receiver's calculations; however, Schloz did not account for the net investment profit of \$1,860.45 received by the Stanley Schloz Roth IRA ("SS-Roth"). SS-Roth's net profit resulted from a cash interest payment of \$1,860.45 disbursed in 2013. Accordingly, the Receiver recommends that the Schloz claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	NET PROFIT OFFSET	AMOUNT APPROVED
Mary Schloz - IRA	\$ 112,939.20	-	\$ 112,939.20
GB 12, LLC	86,000.00	-	86,000.00
Schloz Family 1998 Trust	110,092.69	-	110,092.69
Stanley Schloz - IRA	113,511.83	(1,860.45)	111,651.38
<b>TOTAL - SCHLOZ</b>	<b>\$ 422,543.72</b>	<b>\$ (1,860.45)</b>	<b>\$ 420,683.27</b>

The Receiver has preliminarily offset SS-Roth's net investment profit against the Stanley Schloz IRA's claim; however, the Receiver will permit Schloz to select one or more of the above referenced claims to be offset by SS-Roth's net investment profit.

(4) **Thomas D. & Laurie A. Weiskopf, et al.**

Thomas D. & Laurie A. Weiskopf ("Weiskopf") filed two (2) Proofs of Claim on behalf of their individual IRA investment accounts. These claims agreed with the Receiver's calculations; however, Weiskopf did not account for the net investment profit of \$49,876.48 received by Weiskopf Enterprises, LLC ("Weiskopf Enterprises") or \$212,669.05 received by the Weiskopf Family Living Trust ("Weiskopf Trust"). Weiskopf Enterprises' net profit resulted from cash

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interest payments totaling \$49,876.48 in 2015. Likewise, the Weiskopf Trust's net profit resulted from cash interest payments totaling \$212,669.05 disbursed from 2014 through 2015. Accordingly, the Receiver recommends that the Weiskopf claims be approved for the amounts set forth below:

<u>INVESTOR CLAIMANT</u>	<u>AMOUNT CLAIMED</u>	<u>NET PROFIT OFFSET</u>	<u>AMOUNT APPROVED</u>
Laurie A. Weiskopf - IRA	\$ 309,584.99	\$ (262,545.53)	\$ 47,039.46
Thomas D. Weiskopf - IRA	14,524.59	-	14,524.59
<b>TOTAL - WEISKOPF</b>	<b>\$ 324,109.58</b>	<b>\$ (262,545.53)</b>	<b>\$ 61,564.05</b>

The Receiver has preliminarily offset the net investment profits received by Weiskopf Enterprises and the Weiskopf Trust against the Laurie Weiskopf IRA's claim; however, the Receiver will permit Weiskopf to select one or more of the above referenced claims to be offset by Weiskopf Enterprises and the Weiskopf Trust's net investment profits.

#### 5.5. Claims that require additional discussion

Of the one hundred thirteen (113) claims received from known investors, twenty-three (23) investor claims require an individual explanation of the claim filed and the Receiver's recommendation.

##### (1) William & Helene Alber Family Trust

The William & Helene Alber Family Trust ("Alber") filed a Proof of Claim in the amount of \$39,582.00. The Receiver has determined that Alber's claim does not reflect the cash interest payment of \$498.00 received from DenSco in June 2016. Accordingly, the Receiver recommends that Alber's claim be reduced by \$498.00 and approved in the amount of \$39,084.00.

##### (2) Brinkman Family Trust

The Brinkman Family Trust ("Brinkman") filed a Proof of Claim in the amount of \$382,113.38. The Receiver has determined that Brinkman's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$243,117.44, whereas DenSco's records indicate that Brinkman earned accrued interest of \$105,448.51. Brinkman did not account for interest totaling \$137,668.93 that was disbursed in cash from 2002 through 2012. Accordingly, the Receiver recommends that Brinkman's claim be reduced by \$137,668.93 and approved in the amount of \$244,444.45.

##### (3) Averill Cate, Jr. & Mary Kris McIlwaine

Averill Cate, Jr. & Mary Kris McIlwaine ("Cate") filed a Proof of Claim in the amount of \$72,260.16. The Receiver has determined that Cate's claim reflects cash interest payments totaling \$31,341.66 from 2013 through 2016, whereas DenSco's records indicate that Cate received cash disbursements totaling \$35,773.48 during this period. Accordingly, the Receiver

recommends that Cate's claim be reduced by \$4,431.82<sup>3</sup> and approved in the amount of \$67,828.34.

**(4) Arden & Nina Chittick Family Trust**

The Arden & Nina Chittick Family Trust ("A&N Chittick") filed a Proof of Claim in the amount of \$254,368.53. The Receiver has determined that A&N Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$114,890.62, whereas DenSco's records indicate that A&N Chittick earned accrued interest of \$114,611.08. Accordingly, the Receiver recommends that A&N Chittick's claim be reduced by \$279.55<sup>4</sup> and approved in the amount of \$254,088.98.

**(5) Eldon & Carlene Chittick Family Trust**

The Eldon & Carlene Chittick Family Trust ("E&C Chittick") filed a Proof of Claim in the amount of \$565,732.00. The Receiver has determined that E&C Chittick's claim does not reflect principal investments totaling \$383,776.18 or principal and interest withdrawals totaling \$398,203.24. In addition, E&C Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$82,232.00, whereas DenSco's records indicate that E&C Chittick earned accrued interest of \$20,111.33. Accordingly, the Receiver recommends that E&C Chittick's claim be reduced by \$76,547.73<sup>5</sup> and approved in the amount of \$489,184.27.

**(6) Samantha Davis**

Samantha Davis ("Davis") filed a Proof of Claim in the amount of \$35,079.23. Davis asserts an initial principal investment of \$80,279.23 in November 2009; however, DenSco's records indicate that Davis actually invested \$65,832.67 in November 2004. DenSco issued a new General Obligation Note in the amount of \$80,279.23 just before Davis' original investment matured; however, email correspondence between Jack Davis and Denny Chittick indicates that the note was modified after Davis withdrew \$20,000.00 in late October 2009.

In addition, Davis' claim does not reflect an additional \$35,000.00 withdrawal in November 2008 or accrued but unpaid interest earned through December 31, 2012 totaling \$48,625.17. Finally, Davis' claim reflects cash interest payments totaling \$25,200.00 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Davis received cash disbursements totaling \$25,222.82 during this period. Accordingly, the Receiver recommends that BH-IRA's claim be reduced by \$844.21<sup>6</sup> and approved in the amount of \$34,235.02.

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<sup>3</sup> \$31,341.66 - \$35,773.48 = -4,431.82.

<sup>4</sup> \$114,611.08 - \$114,890.62 - \$0.01 statement rounding error = -\$279.55.

<sup>5</sup> \$383,776.18 - \$398,203.24 + [\$20,111.33 - \$82,232.00] = -\$76,547.73.

<sup>6</sup> [\$65,832.67 - \$80,279.23] - \$35,000.00 + \$48,625.17 + [\$25,200.00 - \$25,222.82] = -\$844.21.

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**(7) Scott D. DeTota**

Scott D. DeTota (“DeTota”) filed a Proof of Claim in the amount of \$121,988.78. DeTota asserts a total principal investment of \$151,230.78; however, DenSco’s records indicate that DeTota actually invested \$50,000.00 in November 2007, July 2010, and February 2013, for a total principal investment of \$150,000.00. Accordingly, the Receiver recommends that BH-IRA’s claim be reduced by \$1,230.78<sup>7</sup> and approved in the amount of \$120,758.00.

**(8) Dale & Kathy Hickman**

Dale & Kathy Hickman (“Hickman”) filed a Proof of Claim in the amount of \$744,952.30. The Receiver has determined that Hickman’s claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$269,952.30, whereas DenSco’s records indicate that Hickman earned accrued interest of \$262,377.17. In addition, Hickman’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Hickman received cash interest payments totaling \$64,085.44 during this period. Accordingly, the Receiver recommends that Hickman’s claim be reduced by \$71,660.57<sup>8</sup> and approved in the amount of \$673,291.73.

**(9) Craig & Samantha Hood**

Craig & Samantha Hood (“Hood”) filed a Proof of Claim in the amount of \$1,113,476.57. The Receiver has determined that Hood’s claim does not reflect a withdrawal of \$50,000.00 in November 2012 and two (2) withdrawals totaling \$69,550.00 in June 2013. The Receiver analyzed the accounting and bank records of DenSco to confirm that these withdrawals occurred and provided Hood with the supporting documentation identified. Hood agreed that the withdrawals did in fact occur.

In addition, Hood calculated additional accrued but unpaid interest of \$1,005.00 based on the belief that the 2012 withdrawal was reported in error on Hood’s DenSco statements. Accordingly, the Receiver recommends that Hood’s claim be reduced by \$120,555.01<sup>9</sup> and approved in the amount of \$992,921.56.

**(10) Bill Hughes**

Bill Hughes (“Hughes”) filed a Proof of Claim in the amount of \$71,250.00. The Receiver has determined that Hughes’ claim reflects cash interest payment of \$1,250.00 for interest earned in July 2016, whereas DenSco’s records indicate that no investors received interest payments in July 2016. Accordingly, the Receiver recommends that Hughes’ claim be increased by \$1,250.00 and approved in the amount of \$72,500.00

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<sup>7</sup> \$150,000.00 – \$151,230.78 = -\$1,230.78.

<sup>8</sup> [\$262,377.17 – \$269,952.30] – \$64,085.44 = -\$71,660.57

<sup>9</sup> -\$50,000.00 – \$69,550.00 – \$1,005.00 – \$0.01 statement rounding error = -\$120,555.01.

**(11) Bill Hughes - IRA**

The Bill Hughes IRA ("BH-IRA") filed a Proof of Claim in the amount of \$329,420.24. The Receiver has determined that BH-IRA's claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA's claim reflects cash interest payments totaling \$46,610.16 for interest earned in 2016, whereas DenSco's records indicate that BH-IRA only received cash disbursements totaling \$35,087.62 during 2016. Accordingly, the Receiver recommends that BH-IRA's claim be increased by \$18,022.55<sup>10</sup> and approved in the amount of \$347,442.79.

**(12) Judy Hughes - IRA**

The Judy Hughes IRA ("JH-IRA") filed a Proof of Claim in the amount of \$188,044.44. The Receiver has determined that JH-IRA's claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA's claim reflects cash interest payments totaling \$24,443.00 for interest earned in 2016, whereas DenSco's records indicate that JH-IRA only received cash disbursements totaling \$14,795.80 during 2016. Finally, JH-IRA's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,332.98, whereas DenSco's records indicate that JH-IRA earned accrued interest of \$33,429.78. Accordingly, the Receiver recommends that BH-IRA's claim be reduced by \$36,756.00<sup>11</sup> and approved in the amount of \$151,288.44

**(13) James K. Jetton**

James Jetton ("Jetton") filed a Proof of Claim in the amount of \$50,000.00. Jetton's claim reflects only the investor's principal balance and does not account for interest accruals or disbursements. DenSco's records indicate that Jetton earned accrued but unpaid interest totaling \$1,841.32 through December 31, 2012. In addition, Jetton's claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco's records indicate that Jetton received two (2) cash interest payments of \$1,994.55 each in March and June 2015, for a total of \$3,989.10. Accordingly, the Receiver recommends that Jetton's claim be reduced by \$2,147.78<sup>12</sup> and approved in the amount of \$47,852.22.

**(14) LeRoy Kopel Revocable Living Trust**

The LeRoy Kopel Revocable Living Trust ("Kopel") filed a Proof of Claim in the amount of \$84,723.26. The Receiver has determined that Kopel's claim does not reflect a principal investment of \$100,000.00 paid to DenSco in November 2013, or the withdrawal of that investment plus interest for a total of \$119,104.54 in November 2015. In addition, Kopel's claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco's records indicate that Kopel received two (2) cash disbursements of \$6,727.74 each in March and June

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<sup>10</sup>  $\$6,500.00 + [\$46,610.16 - \$35,087.62] + \$0.01 \text{ statement rounding error} = \$18,022.55.$

<sup>11</sup>  $\$6,500.00 + [\$24,443.00 - \$14,795.80] + [\$33,429.78 - \$86,332.98] = -\$36,756.00.$

<sup>12</sup>  $\$1,841.32 - \$3,989.10 = -\$2,147.78.$

2015, for a total of \$13,455.48. Accordingly, the Receiver recommends that Kopel's claim be reduced by \$32,560.02<sup>13</sup> and approved in the amount of \$52,163.24.

**(15) Wayne J. Ledet - Roth IRA**

The Wayne Ledet Roth IRA ("WL-Roth") filed a Proof of Claim in the amount of \$102,706.77. The Receiver has determined that WL-Roth's claim does not reflect an additional investment of \$6,000.00 paid to DenSco in February 2013. In addition, WL-Roth's claim does not reflect withdrawals of \$6,867.00 on March 20, 2014 and \$7,471.58 on March 31, 2015 (the 2015 withdrawal was subsequently deposited to the Wayne J. Ledet Revocable Trust's investment account). Accordingly, the Receiver recommends that WL-Roth's claim be reduced by \$8,338.58<sup>14</sup> and approved in the amount of \$94,368.19.

**(16) Wayne J. Ledet Revocable Trust**

The Wayne J. Ledet Revocable Trust ("Ledet") filed a Proof of Claim in the amount of \$292,611.09. The Receiver has determined that Ledet's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$21,370.07, whereas DenSco's records indicate that Ledet earned accrued interest of \$18,400.15. In addition, Ledet's claim reflects cash interest payments totaling \$61,797.56 for interest earned during 2013 through 2016, whereas DenSco's records indicate that Ledet only received cash disbursements totaling \$59,732.64 during that time. Accordingly, the Receiver recommends that Ledet's claim be reduced by \$905.00<sup>15</sup> and approved in the amount of \$291,706.09.

**(17) William & W. Jean Locke**

William & Jean Locke ("Locke") filed a Proof of Claim in the amount of \$156,098.00. The Receiver has determined that Locke's claim does not reflect principal investments totaling \$125,000.00 or principal and interest withdrawals totaling \$136,067.82. In addition, Locke's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,393.00, whereas DenSco's records indicate that Locke earned accrued interest of \$55,373.38. Finally, Locke's claim reflects cash interest payments totaling \$40,295.00 from 2013 through 2016, whereas DenSco's records indicate that Locke received cash disbursements totaling \$44,526.82. Accordingly, the Receiver recommends that Locke's claim be reduced by \$46,319.26<sup>16</sup> and approved in the amount of \$109,778.74.

**(18) Jim McArdle**

Jim McArdle ("McArdle") filed a Proof of Claim in the amount of \$307,835.00. The Receiver has determined that McArdle's claim does not reflect an additional investment of \$50,000 paid to DenSco in March 2011, or the withdrawal of that investment plus interest for a total of

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<sup>13</sup> \$100,000.00 - \$119,104.54 - \$13,455.48 = -\$32,560.02.

<sup>14</sup> \$6,000.00 - \$6,867.00 - \$7,471.58 = -\$8,338.58.

<sup>15</sup> [\$18,400.15 - \$21,370.07] + [\$61,797.56 - \$59,732.64] = -\$905.00.

<sup>16</sup> \$125,000.00 - \$136,067.82 + [\$55,373.38 - \$86,393.00] + [\$40,295.00 - \$44,526.82] = -\$46,319.26.

\$59,471.86 in May 2014. In addition, McArdle's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$62,781.00, whereas DenSco's records indicate that McArdle earned accrued interest of \$42,209.67. Finally, McArdle's claim reflects cash interest payments totaling \$234,946.00 from 2013 through 2016, whereas DenSco's records indicate that McArdle only received cash disbursements totaling \$205,004.88 during this period. Accordingly, the Receiver recommends that McArdle's claim be reduced by \$102.07<sup>17</sup> and approved in the amount of \$307,732.93.

**(19) The Marvin G. Miller & Patricia S. Miller 1989 Trust**

Marvin and Patricia Miller ("Miller") held three (3) separate DenSco investment accounts in the names of the Marvin G. Miller & Patricia S. Miller 1989 Trust ("Miller Trust"), LF Fund, and Marvin G. Miller & Pat S Miller 1989 Trust—Major ("Major"). Miller filed a single Proof of Claim in the amount of \$967,132.44 encompassing all three (3) investment accounts. According to DenSco's records, the Major investment account was withdrawn in May 2014, resulting in a net profit. Miller's claim appropriately offsets Major's net profit against Miller's net losses by consolidating the three (3) investment accounts into a single Proof of Claim.

Miller's claim reflects cash interest payments totaling \$647,867.56 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Miller only received cash disbursements totaling \$618,857.97 during this period. The Receiver noted that Miller calculated its claim based on the interest earnings reported on the statements issued by DenSco; however, the Receiver identified three (3) discrepancies in the information reported by DenSco to Miller.

First, the DenSco statements issued to the Miller Trust for total interest earned during 2014 erroneously included \$23,896.33 in interest earned by Major, which was also included on the statements issued to Major; thus, this amount was double-counted. Second, the DenSco statements issued to LF Fund inaccurately reflect total interest earnings of \$4,496.62 in 2013, as September 2013's earnings of \$733.26 were erroneously duplicated—LF Fund's actual interest earnings totaled \$3,763.36 during 2013. Third, the DenSco statements issued to Major inaccurately reflect total interest earnings of \$40,480.00 in 2014, as September 2014's earnings of \$6,440.00 were erroneously duplicated—Major's actual interest earnings totaled \$34,040.00 during 2013.

In addition, Miller relied on the March 2014 statement issued by DenSco to Major, which did not include the \$2,060.00 in interest paid to Major in April 2014. Accordingly, the Receiver recommends that Miller's claim be increased by \$29,009.59<sup>18</sup> and approved in the amount of \$996,142.03.

**(20) Brian & Janice Odenthal**

Brian & Janice Odenthal ("Odenthal") filed a Proof of Claim in the amount of \$151,819.40. The Receiver has determined that Odenthal's claim reflects cash interest payments totaling

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<sup>17</sup>  $\$50,000.00 - \$59,471.86 + [\$42,209.67 - \$62,781.00] + [\$234,946.00 - \$205,004.88] = -\$102.07.$

<sup>18</sup>  $\$23,896.33 + \$733.26 + \$6,440.00 - \$2,060.00 = \$29,009.59.$

\$18,180.60 from 2013 through 2016, whereas DenSco's records indicate that Odenthal received cash interest payments totaling \$35,602.89 during this period. Odenthal did not account for three (3) cash interest payments of \$5,807.43 each in March, June, and September 2015, for a total of \$17,422.29. Accordingly, the Receiver recommends that Odenthal's claim be reduced by \$17,422.29 and approved in the amount of \$134,397.11.

**(21) Jeff Phalen - IRA**

The Jeff Phalen IRA ("JP-IRA") filed a Proof of Claim in the amount of \$381,901.12. The Receiver has determined that JP-IRA's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$31,901.12, whereas DenSco's records indicate that JP-IRA earned accrued interest of \$30,967.74. The Receiver noted that the statements issued by DenSco to Phalen inaccurately reflect total interest earnings of \$5,905.52 in 2011, as October 2011's earnings of \$933.38 were erroneously duplicated—JP-IRA's actual interest earnings totaled \$4,972.14 during 2011. Accordingly, the Receiver recommends that JP-IRA's claim be reduced by \$933.38 and approved in the amount of \$380,967.74.

**(22) Wade Underwood**

Wade Underwood ("Underwood") filed a Proof of Claim in the amount of \$123,739.03. The Receiver has determined that Underwood's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$51,496.95, whereas DenSco's records indicate that Underwood earned accrued interest totaling \$21,768.83. Underwood did not account for interest totaling \$29,728.12 that was disbursed in cash from 2007 through 2011. Accordingly, the Receiver recommends that Underwood's claim be reduced by \$29,728.12 and approved in the amount of \$94,010.95.

**(23) Brian & Carla Wenig Family Trust**

The Brian & Carla Wenig ("Wenig") Family Trust filed a Proof of Claim in the amount of \$157,126.76. The Receiver has determined that Wenig's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$42,126.76; however, Wenig did not invest in DenSco until April 2013. This amount actually reflects the accrued but unpaid interest earned from 2013 through 2016. In addition, Wenig's claim did not reflect any cash interest disbursements from 2013 through 2016, whereas DenSco's records indicate that Wenig received cash disbursements totaling \$8,450.46 during this period. Accordingly, the Receiver recommends that Wenig's claim be reduced by \$50,577.22<sup>19</sup> and approved in the amount of \$106,549.54.

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<sup>19</sup> -\$42,126.76 - \$8,450.46 - -\$50,577.22.

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## 6. Non-Investor Claims

The Receiver received six (6) non-investor claims. The Receiver's recommendations with respect to these claims are set forth below.

### (1) Clark Hill, PLC – First Claim

Clark Hill, PLC ("Clark Hill") filed an initial non-investor Proof of Claim in the amount of \$53,820.00 for unpaid legal services provided to DenSco from June 1, 2016 through August 17, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's first claim for \$53,820.00 be denied.

### (2) Clark Hill, PLC – Second Claim

Clark Hill filed a second non-investor Proof of Claim in the amount of \$23,046.00 for unpaid legal services provided to DenSco from August 18, 2016 through September 30, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's second claim for \$23,046.00 be denied.

### (3) Shawna Heuer, Personal Representative for the Estate of Denny Chittick

Shawna Heuer ("Heuer") filed a non-investor Proof of Claim as the Personal Representative for the Estate of Denny Chittick ("Chittick Estate") and identified the basis for the Chittick Estate's claim as "other form of contract." Heuer described the Chittick Estate's claim as follows:

*Denny Chittick ("Chittick") was the sole shareholder, director, and officer of DenSco Investment Corporation ("DenSco"). Chittick is now deceased, and this claim is submitted by the Estate of Denny Chittick and its personal representative, Shawna C. Heuer (collectively, the "Estate"). This claim seeks indemnification and contribution from the Receivership for all liabilities incurred by the Estate (or imposed on the beneficiaries of the Estate) that arise out of or relate in any manner to DenSco, including but not limited to (i) Chittick's ownership of DenSco (which shall include, but not be limited to, federal and state tax consequences borne by or imposed upon Chittick or the Estate resulting from the tax reporting previously or hereafter made by DenSco, whether related to (a) the recognition of income, recognition of losses, and claims for tax refunds arising as the result of the recognition of losses, which refunds the Estate or the Receivership may hereafter pursue, or (b) determinations made by the Receiver that*

*certain tax attributes claimed by DenSco were improperly characterized, and the resulting consequences of treating those tax attributes in the manner which the Receiver deems to be more correct, including without limitation, reporting involving vehicles that were intended, or appear to have been intended, to have qualified as deferred compensation plans), (ii) Chittick's operation and management of DenSco, (iii) acts undertaken by Chittick on behalf of or for the benefit of DenSco, whether as an officer, employee, agent, director or shareholder of DenSco, or as a fiduciary in respect of any deferred compensation plans sponsored by DenSco, and (iv) duties owed by Chittick to third parties as a result of Chittick's ownership and management of DenSco or actions undertaken by Chittick on behalf of DenSco. The amount of this claim is currently unknown.*

The Chittick Estate's creditor claim is based on a hypothetical set of facts and circumstances and for an unknown monetary amount. In short, the Chittick Estate appears to have filed its claim in an effort to preserve its rights to seek future "indemnification" if the Chittick Estate suffers some apparent economic damage as a result of the administration of the Receivership Estate. Currently, the Receiver and the Chittick Estate are in complicated negotiations to resolve a series of issues relating to the tax refunds, deferred compensation, and the DenSco Defined Benefit Plan, which the Chittick Estate is concerned may give rise to its future claims.

The Receiver recommends that the Court defer approval or denial of the Chittick Estate's claim. The deferral of the adjudication of the Chittick Estate's claim is reasonable because it is for an unknown amount under facts and circumstances that have not yet arisen. Moreover, it is fundamentally unfair to the other DenSco creditors to have to wait to receive an interim distribution from the Receivership Estate for an indefinite time until the Chittick Estate creditor claim comes into existence. Accordingly, the Receiver recommends that Chittick Estate's creditor claim is deferred indefinitely.

**(4) James Richard Hill, Jr.**

The Receiver received a written request for a claim form from James Richard Hill, Jr. ("Hill") in May 2017. Hill provided his return address, which the Receiver's investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Hill filed a Non-Investor Proof of Claim for an unsecured claim of \$3,255.00 and identified the basis for his claim as "goods purchased." Murchinson described his claim as follows:

*Unable to specify. House broken into. Property stolen. Documents lost.*

There is no evidence that DenSco had any business or other relationship with Hill. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Hill's claim be denied.

**(5) Carlyle Johnson**

The Receiver received a written request for a claim form from Carlyle Johnson ("Johnson") in May 2017. Johnson provided his return address, which the Receiver's investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Johnson filed a Non-Investor Proof of Claim for an unsecured claim of \$6,550.00 and identified the basis for his claim as "services performed." Johnson did not provide a description of his claim or any supporting documentation. The Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false claims in the hopes that they will be approved and paid.

There is no evidence that DenSco had any business or other relationship with Johnson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Johnson's claim be denied.

**(6) Eric Murchinson**

The Receiver received a written request for a claim form from Eric Murchinson ("Murchinson") in May 2017. The handwritten request was delivered in an envelope from the Federal Correctional Complex in Coleman, Florida. Murchinson filed a Non-Investor Proof of Claim for an unsecured claim of \$1,000.00 and identified the basis for his claim as "money loaned." Murchinson described his claim as follows:

*I have loaned money for investment. I had a little trouble and my documentation paper got lost in my moving here in Coleman, Florida prison. I'm sorry. But it was for school supplies and books for urban kids.*

There is no evidence that DenSco had any business or other relationship with Murchinson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Murchinson's claim be denied.



1099 List - 2014

Alber, William  
The William and Helene Alber Family Trust  
1551 W Grand Canyon Drive  
Chandler, AZ 85248

[REDACTED]  
\$5,976.00

Brinkman, Rob  
64 Cortland  
Irvine, CA 92620

[REDACTED]  
\$30,890.48

Brown, Craig & Tomie Living Trust  
6135 W Trovita Place  
Chandler, AZ 85226

[REDACTED]  
\$60,000.00

Bunger, Steve  
Desert Classic Investments, LLC  
6134 W Trovita Pl  
Chandler, AZ 85226

[REDACTED]  
\$342 100.00

Bunger, Steve  
Steven G and Mary E Bunger Estate, LLC  
6134 W Trovita Pl  
Chandler, AZ 86226

[REDACTED]  
\$95,400 00

Bunger, Alexandra Shea Bunger Irrevocable Trust Dated 12-29-95  
6134 W Trovita Pl  
Chandler, AZ 86226

[REDACTED]  
\$50,000.00

Bunger, Cassidy Elizabeth Bunger Irrevocable Trust Dated 12-29-95  
6134 W Trovita Pl  
Chandler, AZ 86226

[REDACTED]  
\$50,000.00

Bunger, Connor Perry Bunger Irrevocable Trust Dated 12-29-95  
6134 W Trovita Pl  
Chandler, AZ 86226

[REDACTED]  
\$50,000.00

Burkhart, Kennen  
2030 S Minnewawa Ave.  
Fresno, CA 93727

[REDACTED]  
\$20,545.69

Bush, Warren V.  
PO Box 92080  
Albuquerque, NM 87199

[REDACTED]  
\$30,062.10

Van Butler  
8210 E. Garfield St. K223  
Scottsdale, AZ 85257

[REDACTED]  
\$34,698.82

Byrne, Thomas & Sara Living Trust  
72 Commonwealth Ave  
San Francisco, CA 94118

[REDACTED]  
\$30,301.00

Carrick, Ern Trust  
C/O Herb Peschel  
1404 West Lakeshore Dr.  
Whitefish, MT 59937

[REDACTED]  
\$24,248.88

Gretchen P Carrick Trust  
PO Box 773656  
Eagle River, AK 99577

[REDACTED]  
\$30,301.00

Cate, Averill, Jr.  
3661 N Campbell Ave., #372  
Tucson, AZ 85719

[REDACTED]  
\$9,960.00

Arden & Nina Chittick Family Trust  
8028 53rd Ave. West F  
Mukilteo, WA 98275-2639

[REDACTED]  
\$44,960.93

Chittick Family Trust - Eldon  
3131 E Legacy Dr., #1107  
Phoenix, AZ 85042

[REDACTED]  
\$91,248.78

DO NOT MAIL  
Preston Client

Cohen, Herbert I  
1419 Peerless Pl, Apt 116  
Los Angeles, CA 90035

[REDACTED]  
\$30,000.00

Davis, Glen P.  
5346 E. Herrera Drive  
Phoenix, AZ 85054

[REDACTED]  
\$75,190.60

Dori Ann Davis Living Trust  
5346 E. Herrera Drive  
Phoenix, AZ 85054

[REDACTED]  
\$26,803.99

Davis, Samantha UGMA  
543 West Ave  
Rifle, CO 81650

[REDACTED]  
\$7,206.52

Detota, Scott  
1220 Ridgewood Ln  
Lake Villa, IL 60046

██████████  
\$28,816.01

Dupper, Living Trust  
Russ Dupper  
6133 W Victoria Place  
Chandler, AZ 85226

██████████  
\$96,963.20

Einck, Todd Trust  
21 E 6<sup>th</sup> Street #701  
Tempe, AZ 85281

██████████  
\$24,240.80

DO NOT MAIL  
PRESTON CLIENT

Fischer Family Holdings, LLC  
Kirk Fischer  
20100 N 51<sup>st</sup> Ave B-240  
Glendale, AZ 85308

██████████  
\$158,172.00

Four Futures Corporation  
Tom Smith  
6480 E El Maro Circle  
Paradise Valley, AZ 85253

██████████  
\$541,000.00

Griswold, Russ  
10 Suncrest Terrace  
Oneonta, NY 13820

██████████  
\$12,000.00

Gumbert, Michael & Diana Family Trust  
607 Hurst Creek Rd  
Lakeview, TX 78734

██████████  
\$96,000.00

Hafiz, Nihad  
23 Rae's Creek Ln  
Coto De Caza, CA 92679

[REDACTED]  
\$60,000.00

Hahn, Robert & Elizabeth Family Revocable Living Trust  
15239 E Redrock Dr.  
Fountain Hills, AZ 85268

[REDACTED]  
\$52,013.11

Hey, Ralph  
PO Box 62  
Westcliffe, CO 81252

[REDACTED]  
\$10,857.60

Hickman, Dale  
5477 W Heine Rd  
Coeur D'Alene, ID 83814

[REDACTED]  
\$101,809.32

Hood, Craig  
11988 Pacific Coast Highway, #155  
Seal Beach, CA 90740

[REDACTED]  
\$159,221.51

Howze, Doris J.  
5864 E Preston St.  
Mesa, AZ 85213

[REDACTED]  
\$9,600.00

Bill B Hughes  
23114 N Pedregosa Dr  
Sun City, AZ 85375

[REDACTED]  
\$15,000.00

Indieke Revocable Trust  
6173 W. Victoria Pl  
Chandler, AZ 85226

[REDACTED]  
\$616,000.00

DO NOT MAIL  
Preston Client

Jetton, James  
9213 SW 21<sup>st</sup> Street  
Oklahoma City, OK 73128

[REDACTED]  
\$7,408.62

Jones, Leslie W  
2176 E Gazania  
Tucson, AZ 85719

[REDACTED]  
\$36,000.00

Kent, Mary  
30 Laurel Court  
Paramus, NJ 07652

[REDACTED]  
\$35,073.36

Kent, Paul  
23 E 15<sup>th</sup> St  
Tempe, 85281

[REDACTED]  
\$ 30,209.52

DO NOT MAIL  
Preston Client

Kopel, Jemma  
5304 S Marine Dr  
Tempe, AZ 85283

[REDACTED]  
\$24,989.68

DO NOT MAIL  
Preston Client

Lawson, Robert F  
400 Alta Vista Court  
Danville, CA 94506

[REDACTED]  
\$15,195.42

Ledet, Wayne  
16751 SW 23<sup>rd</sup> St.  
El Reno, OK 73036

[REDACTED]  
\$28,078.95

Lee, Terry  
6541 N Paseo Tamayo  
Tucson, AZ 85750

[REDACTED]  
\$12,000.00

Lee Group, Inc.  
6541 N Paseo Tamayo  
Tucson, AZ 85750

[REDACTED]  
\$ 36,000.00

Locke, William F  
12163 Country Meadows Ln  
Silverdale, WA 98383

[REDACTED]  
\$27,111.51

McArdle, Jim  
750 E McLellan Blvd  
Phx, AZ 85014

[REDACTED]  
\$68,107.32

McCoy, James & Lesley Trust  
727 E Verde Ln  
Tempe, AZ 85284

[REDACTED]  
\$48,000.00

McDowell, Caro Revocable Trust  
9010 E. Range Rider Trail  
Mesa, AZ 85207

[REDACTED]  
\$36,000.00

DO NOT MAIL  
Preston Client

The Marvin G. Miller & Patricia S Miller 1989 Trust  
701 E Front Ave., #602  
Coeur d'Alene, ID 83814

[REDACTED]  
\$205,944.11

Miller, Marv – LF Fund, LLC  
701 E Front Ave., #602  
Coeur d' Alene, ID 83814

[REDACTED]  
\$12,120.40

Lawrence T Minchuk successor of the Marion Minchuk Trust  
24 W Citation Ln  
Tempe, AZ 85283

[REDACTED]  
\$36,000.00

Moss Family Trust  
2524 E. Silverwood Dr  
Phoenix, AZ 85048

[REDACTED]  
\$13,746.17

Muscat Family Trust  
Muscat, Vince I.  
14827 S. 20<sup>th</sup> St  
Phoenix, 85048

[REDACTED]  
\$60,000.00

Nesta Capital, Inc.  
Kirk Fischer  
20100 N 51<sup>st</sup> Ave B-240  
Glendale, AZ 85308

[REDACTED]  
\$17,750.00

Non Lethal Defense, Inc.  
6921 Trevett Lane  
Casper, WY 82604

[REDACTED]  
\$12,000 00

Odenthal, Brian  
1929 Canyon Dr  
Coeur d'Alene, ID 83815

[REDACTED]  
\$21,571.26



Page, Jolene  
8620 N 52<sup>nd</sup> Street  
PV, AZ 85253

[REDACTED]  
\$312,376.79

Paxton, Valerie  
1243 Glenhaven DR  
Phoenix, AZ 85048

[REDACTED]  
\$121,792.60

Phalen Family Trust  
11764 N Adobe Village Pl  
Marana, AZ 85653

[REDACTED]  
\$89,400.00

Preston Revocable Trust  
9010 E Range Rider Trail  
Mesa, AZ 85207

DO NOT MAIL  
Preston Client

[REDACTED]  
\$19,392.64

Princeville Investment Group Southwest, LLC  
Kevin Potempa  
PO Box 5156  
Scottsdale, AZ 85261

[REDACTED]  
\$3,466.00

Quigley, Karen  
6020 E Fangio Place  
Tucson, AZ 85750

[REDACTED]  
\$508.94

Rzonca, Pete  
140 E Rio Salado Parkway #603  
Tempe, AZ 85281

[REDACTED]  
\$14,453.97

Sanders, JoAnn  
3389 Dry Creek Forks Rd  
Conrad, MT 59425

[REDACTED]  
\$9,243.00

Schloz, Stanley  
10050 E Sonoran Vista Circle  
Scottsdale, AZ 85255

[REDACTED]  
\$20,415.92

Saltire, LLC  
155 108<sup>th</sup> Avenue, #400  
Bellevue, WA 98004

DO NOT MAIL  
Preston Client

[REDACTED]  
\$18,180.60

Scroggin, Michael D  
124 Abby lane  
Laporte, IN 46350

[REDACTED]  
\$18,000.00

Sherriff, Stewart  
155 108<sup>th</sup> Avenue, #400  
Bellevue, WA 98004

DO NOT MAIL  
Preston Client

[REDACTED]  
\$18,180.60

Siegford, Gary D  
212 Ironwood Dr., Ste# D PMB 313  
Coeur d' Alene, ID 83814

[REDACTED]  
\$ 61,762.08

Siegford, Gary E.  
11917 Hidden Valley Rd  
Rathdrum, ID 83858

[REDACTED]  
\$119,089.90

Smith, Branson & Sandra Family Trust  
9261 E Northview Crt  
Tucson, AZ 85749

[REDACTED]  
\$92,000.00

Smith Trust, Carsyn  
6480 E El Maro Circle  
Paradise Valley, AZ 85253  
TDS Children Irrev Gift Trust DTD 3/29/04 tax id number is [REDACTED]  
\$21,605.11

Smith Trust, Mckenna  
6480 E El Maro Circle  
Paradise Valley, AZ 85253  
TDS Children Irrev Gift Trust DTD 3/29/04 tax id number is [REDACTED]  
\$21,600.91

Sterling, Donald E  
2101 Bonnie Dr  
Payette, ID 83661

[REDACTED]  
\$8,250.00

Stevenson, Tom  
5530 W Sand Crt.  
Queen Creek, AZ 85142

[REDACTED]  
\$7,254.12

Swirtz, Nancy  
6054 W Trovita Place  
Chandler, AZ 85226

[REDACTED]  
\$9,736.32

Long Time Holdings, LLC  
Swirtz, William  
6054 W. Trovita Place  
Chandler, 85226

[REDACTED]  
\$195,756.52

Thompson, Coralee  
23233 N. Pima Rd., Ste#113-240  
Scottsdale, AZ 85255

[REDACTED]  
\$229,642.28

Thompson, Gary  
23233 N Pima Rd., Ste#113-240  
Scottsdale, AZ 85255

[REDACTED]  
\$200,247.83

Trainor, James  
6113 S Greenferry Rd  
Coeur d' Alene, ID 83814

[REDACTED]  
\$55,199.78

Tuttle, Stephen D  
6428 E Evans Dr  
Scottsdale, AZ 85254

[REDACTED]  
\$15,486.99

Underwood, Wade  
PO Box 1311  
Sisters, OR 97759

[REDACTED]  
\$14,408.06

Weiskopf Enterprises, Inc  
Laurie Weiskopf  
11805 Law Rd.  
Bozeman, MT 59718

[REDACTED]  
\$26,912.36

Weiskopf Family Trust  
Laune Weiskopf  
11805 Law Rd  
Bozeman, MT 59718

[REDACTED]  
\$89,679.77

Wellman Family Living Trust  
12119 Whitley Manor Dr  
Chesterfield, VA 23838

[REDACTED]  
\$12,604.01

Wellman, Carol J.  
12119 Whitley Manor Dr  
Chesterfield, VA 23838

[REDACTED]  
\$15,831.49

Wenig, Brian  
19 E Canterbury Ct.  
Phoenix, AZ 85022

[REDACTED]  
\$15,831.49

Wenig, Mark  
4445 E Desert Willow Dr  
Phoenix, AZ 85044

[REDACTED]  
\$47,103.85

Zones, Michael J  
8 Briarcliff Drive  
Huntington, WV 25704

[REDACTED]  
\$60,000.00



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 5/25/2012 2:45 01 PM  
**Subject:** Re: Question

They were just "Stage Renters" , so the guys that are selling the house, have these folks move in, stage the house, keep it show ready and try to sell it. however, i saw last weekend they left. i don't know why. it's still listed and doesn't show under contract.  
dc

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

**From:** Steve Bunger <sbunger@mobilemini.com>  
**To:** Denny and Ranasha Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, May 25, 2012 7 33 AM  
**Subject:** Question

Hey Denny

Do you know anything about the new neighbors across the street? Did they move away?

Thanks,  
Steve





From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 10/2/2012 4:04:04 PM  
Subject: Re: Transition

here is the best advice you'll get, do as little as possible for as long as possible, it will make your next step that much more clear.  
congrats, and good luck!  
dc

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602-532-7737 f

From: Steve Bunger <sbunger@mobilemini.com>  
To:  
Sent: Tuesday, October 2, 2012 8:58 AM  
Subject: FW: Transition

I am forwarding you this email to let you know about a transition I am doing with Mobile Mini. I wanted you to hear it from me and also let you know that I really am looking forward to my next phase in life. I have been so fortunate to have been part of such a success story. Thanks, Steve

From: Steve Bunger  
Sent: Tuesday, October 02, 2012 8:15 AM  
To: Entire Company - North America and Europe  
Subject: Transition

Dear fellow employees,

I want to share with you some bittersweet news we are announcing this morning: I will be leaving Mobile Mini at the end of the year. While I am excited to continue the next chapter in my life and to watch Mobile Mini's further development toward being a world class company, it is time for me to move on. Attached is a press release we are releasing this morning announcing the news.

I've been with the company for 30 years and have done almost every job at the Company at one time or another. I'm proud that in the 15 years I have been CEO we have grown from a regional business with 8 locations to an international industry leader with 139 locations in four countries. I'm particularly proud of the way in which each of you has embraced our cultural journey and is living our core values as you Wow our customers and each other.

I have made some life-long friendships here with many of you and look forward to continuing those friendships for many years to come. Thank you for supporting me and each other in the years we have been co-workers and teammates and I look forward to each of us working hard to finish 2012 as a best-in-class leader.

I will be having a town hall conference call today at 11 am Arizona time and will send out the call in information shortly.

Thanks,  
Steve



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 10/25/2012 6:25:55 PM  
**Subject:** Re: Lunch

I could do Tuesday after 11:30?  
let me know if that works and where.  
thx  
dc

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602-469-3001  
602-532-7737 f

**From:** Steve Bunger <sbunger@mobilemini.com>  
**To:** "Denny and Ranasha Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Thursday, October 25, 2012 11:04 AM  
**Subject:** Lunch

Hey Denny,

Are you still taking capital for your real estate lending business? If so, I would like to maybe have lunch with you to learn more about what you do. I don't know what your schedule is but I could meet for lunch on either Tuesday or Wednesday next week. If not, we could also meet for coffee one morning.

Let me know,  
Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 2/7/2013 10:31:06 PM  
Subject: Re: wiring info

ok perfect, i'll let you konw when i get it.  
thx  
dc

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602-532-7737 f

From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, February 7, 2013 2:53 PM  
Subject: Re: wiring info

You should be receiving \$1M tomorrow. It might be later in the day since Schwab will probably want to make sure it has been double checked.

As we mentioned, you can fill out the contract to Desert Classic Investments, LLC and the address is 6134 West Trovita Place, Chandler, AZ 85226. The managing partner is me and Beth (Mary) is a co-partner. I will do the two year contract with monthly payouts.

I'll give you the wiring instructions after I get the new account setup which might take me a couple of weeks. I will also be able to give you the federal id number then.

Thanks,  
Steve

On Thu, Feb 7, 2013 at 1:59 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:  
dc

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602-532-7737 f



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 2/8/2013 7:21:40 PM  
Subject: Re: wiring info

Ok i received the wire, come on over and we'll sign you up!  
thx  
dc

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602-469-3001  
602-532-7737 f

From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, February 7, 2013 2:53 PM  
Subject: Re: wiring info

You should be receiving \$1M tomorrow. It might be later in the day since Schwab will probably want to make sure it has been double checked.

As we mentioned, you can fill out the contract to Desert Classic Investments, LLC and the address is 6134 West Trovita Place, Chandler, AZ 85226. The managing partner is me and Beth (Mary) is a co-partner. I will do the two year contract with monthly payouts.

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Thanks,  
Steve

On Thu, Feb 7, 2013 at 1:59 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:  
dc

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602-532-7737 f





From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 2/10/2013 10:26:44 PM  
Subject: Re: signature

becareful, i don't want to see you on the news

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602-469-3001  
602-532-7737 f

From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Sunday, February 10, 2013 3:22 PM  
Subject: Re: signature

We are at the top of camelback now but will stop by when we get backb

Thanks,  
Steve

On Feb 10, 2013, at 3:07 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

you and i still have to sign up some paperwork to make it  
official!  
let me know when?  
thx  
dc

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



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steven Bunger  
**Sent:** 2/11/2013 2:14:36 AM  
**Subject:** memorandum  
**Attachments:** Private Offering Memorandum 2011.doc

read it when you can't sleep.  
thx  
dc

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



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 2/27/2013 12:58:05 AM  
**Subject:** Re: Cash

ok i will, i've got a lot going out the next few days with another possibility of 2.5 going out on two deals tomorrow, so i'll be in touch.

thx  
dc

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

**From:** Steve Bunger <steve@bunger me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, February 26, 2013 5:25 PM  
**Subject:** Cash

Hi Denny,

I finished selling the MINI stock now so I am flush with cash I need to get invested. Please let me know when I can wire you another \$1M.

Have a good one.

Thanks,  
Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 2/27/2013 9:41:30 AM  
Subject: 2 other guys

I appreciate your willingness to learn and understand this niche little business i'm in. there were two guys that weren't there last week, that i've worked with the longest and respect the most. i would recommend giving them a call and asking the same questions you asked friday. they will be able to give some more insight in to this biz.

i've warned them that you'll be calling them. they are really great guys.

Chris hughes - 623-628-0057

Don Kimble - 480-452-7289

thx  
dc

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





From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 3/1/2013 2:37.37 AM  
Subject: Re: cash and contacts

ok good to know, did you talk to Don and Chris?  
dc

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

From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, February 28, 2013 7:36 PM  
Subject: Re: cash and contacts

It's at my brokerage account and I can wire it to you anytime with a days notice

Thanks,  
Steve

On Feb 28, 2013, at 6:07 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i was able to get out several million today and yesterday, i'm down to 1.6 with 1/2 of it going out tomorrow. so i'm thinking if things continue i can take some more money in next week. how accessible is it?  
in your chase acct? or a brokerage acct?, just so i know what the time of transfer would be.

did you call the two guys i gave you contact info on?  
thx  
dc

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



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** princevillegroup@yahoo.com; dave@sharpequityhomes.com; azkimble@gmail.com; kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@sharpequityhomes.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger.Billeci@PropertyQwest.com; nishelbadiani@yahoo.com; JYMILLER@COX.NET; koksalcengiz@gmail.com; jacesanders@gmail.com; darcy@savingarizonahomes.com; ryrobson@gmail.com; johnraypc@cox.net; smena98754@aol.com; merwin68@gmail.com; ezhomesinc@gmail.com; ryan@sundancecg.com; andrew@sundancecg.com; jgroseth@cox.net; rlewis@SnowbirdInvestments.com; chad@aldoraconstruction.net; jakegarcia505@yahoo.com; rphillips@phillipsgroupusa.com; gmhardy50@gmail.com; appraisalasap@gmail.com; bryan.a.schlueter@gmail.com; realestatebyroxie@hotmail.com; cjsterling@cox.net; barryluchtel@gmail.com; landonluchtel@gmail.com; thejacejohnson@gmail.com; lstoianova@cox.net; pearces@mailhaven.com; rchittick@bidazforeclosures.com; fyale@aol.com; erikanderson30@gmail.com; ggpjwett@gmail.com; mindyphamhomes@gmail.com; ultimatello@cox.net; chuck@sellingarizona.com; yworry1979@hotmail.com; johnjohnjan@hotmail.com; SREG8000@gmail.com; azhideshow@yahoo.com; azhomesale@gmail.com; chrst00@yahoo.com; mphillips310@gmail.com; kansasharley@yahoo.com; rconway@all-starcapital.com; bhoward14@cox.net; rhenryscott@gmail.com  
**BCC:** Steven Bunger  
**Sent:** 3/2/2013 10:02:01 AM  
**Subject:** CASH 3/4 to 3/8

Cash is getting tight again, i've got enough in my bank 1.075 to cover what is on my desk through 3/5

i have 1.75 planned to close either Friday and didn't, but might monday, and through next week. if they are your deals, give me updates as to when you expect them to close.

i've got additional funds available to me in one day request, so let me know if you have info to help me to plan next week.  
thx  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 3/4/2013 7:14:43 PM  
Subject: 1 million

i'll take it as soon as you can wire it.  
thx  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 3/7/2013 9:15:08 PM  
Subject: another million

i can take another million tomorrow if you like.  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 3/29/2013 7:37:51 PM  
**Subject:** Re: Checks yesterday

by the way you said your phone was quiet, i texted you when i got the checks from your daughter and said thx, i hope you received that.

dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, March 29, 2013 12:15 PM  
**Subject:** Re: Checks yesterday

Great - you can put it into the desert classic account.

Thanks,  
Steve

On Mar 29, 2013, at 11:39 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

yes, all went fine. they actually gave me credit for them over night. your daughter brought me 4 checks, but i just used two. so the million dollar deal backed out, the 2.4 deal didn't close today won't until tuesday, so you see how wild swings i have in cash and demand, that helped a ton, though, i was able to fund a few other guys deals that i wouldn't have been able to fund. plan on getting the money back tuesday or wednesday. let me know where you want it sent too.

thx

dc

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**From:** Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>

**Sent:** Friday, March 29, 2013 11:26 AM

**Subject:** Checks yesterday

Hi Denny

Hopefully you haven't had any problems with the two checks ali dropped off. My phone had been on silent and I had two calls questioning the checks I just called my schwab broker and chase agent to tell them that the checks are ok.

Thanks,  
Steve



From: Denny <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
To: Steve Bunger  
Sent: 4/4/2013 4:22:31 AM  
Subject: Re: tomorrow

No prob I appreciate it

Sent from my iPad

On Apr 3, 2013, at 8:48 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

got it and thanks!!! ill be better setup to do this in the future.

On Tue, Apr 2, 2013 at 10:33 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'll be wiring back \$401,400 back to you to your Desert, llc  
acct.

thx so much for helping me out, sorry it was such a hassle.  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Burger  
Sent: 4/19/2013 9:27:16 PM  
Subject: dinero

If you have some spare change that you would like to make some interest on let me know, i had quite a few guys buy today and i don't have enough to cover them.

\$'s wise, i'll take what ever you would like to invest.  
thx  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 4/22/2013 3:56:03 PM  
**Subject:** Re: Mom's Meeting 4/19

i received both.  
thx  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, April 22, 2013 8:23 AM  
**Subject:** Re: Mom's Meeting 4/19

I'll do it in a few minutes.

Thanks,  
Steve

On Apr 22, 2013, at 8:22 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

yes plz

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Monday, April 22, 2013 8:22 AM  
**Subject:** Re: Mom's Meeting 4/19

Do you still need the \$400k wired to you this morning?

Thanks,  
Steve

On Apr 21, 2013, at 7:03 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

Thanks for coming and Thanks to Mike for hosting.

CASH



First off, I've been barely able to keep up, Friday am, start with 50k, I have 1.6 closing Friday and next week, so it will be very tight. I was able to raise some money on Friday afternoon, but it's still going to be tight this coming week.

Landon's Window guy Dan Van Ness- anyone use him, Larry and Shawn got some quotes from him, so if there is more feedback let me know.

Macro

Cypress - it was a non-event, other than it scared everyone that the depositors all depositors not just over 100k were going to take a 30% haircut extremely scary if it was the blue print for the next country. Could you imagine if we didn't have Fed insurance here?

Gold has fallen most in 30 yrs, all speculation, though copper, the base metal for all industrial production and building has collapsed. China being slow, but also the rest of the world is slow. With all commodities falling, lumber, gypsum, all building commodities are low, my theory, and our home construction will take advantage of the low cost and lead us and then the world out of recession.

Japan is doing a fed, printing money to try to revive their economy, 3x times what our Fed is doing, Japan's the 3<sup>rd</sup> largest economy in the world, if they get rolling, which they've been stuck in a 20 yr funk, that will help things. China is slowing because the world is slowing, and I am still a believer this will all reverse by year end.

Wilcox report from Kevin:

There are more conventional purchases than cash, first time since 2009

Median price per sq \$100 (first since Sep 2008)

Sales were 7% lower March to March, but up 32% March over Feb

Median sales price is \$180, peak 2006 was \$280k, and ave is 170k, up 165k just a few months ago

We still have positive job growth, one of the strongest in the country, and interesting fact, number one in the country in creating jobs outside the downtown center, i.e. 101 Corridor, west side warehouses, Scottsdale financial area. King of Sprawl!

Housing shortage:

Housing Shortage in Phoenix

Here is what Michael Orr of the Cromford Report has to say:

The population of the Phoenix-Mesa-Scottsdale AZ metropolitan area was measured by the US Census Bureau... they estimate that an additional 136,647 people were added to the population between April 1, 2010 and July 1, 2012 (a 3.26% increase). 136,647 additional people would require 52,964 additional housing units. This looks very large compared with the 18,617 new single family units that were permitted in the 2 counties during this period, and some of those county areas lie outside the metropolitan area, so we can clearly see how a housing shortage has come about

Complicating this is the fact that a significant proportion (of the order of 20%) of new homes are being purchased as second or vacation residences, so do not count as accommodating any of the resident population.

Between July 1, 2012 and January 31, 2013 there have been only 6,492 single family permits issued in Maricopa and Pinal Counties. This suggests new home construction is still a long way behind what is required to cope with the population growth.

1 in 7 people that were foreclosed on, (whatever the outcome) is now able to buy a home, by 2014, it will 2 out of 7, every min another probably homeowner is approved. Looking back at the number of foreclosures over the last say 5 years, that's a number around 300-350k houses, if we use this stat, if the 3yr is the min, you have low side of 12k, high side of 20k, that now can buy houses again, that will double by next year, more buyers coming in the market!

Inventory, down 15% from last yr this month, right at 20k on MLS, 12500 w/o contracts and 80% of those are above \$150k!

Foreclosures continue to fall, and will, we are on track to be on par with expectations in the coming months. June ish or so.

New sales, 800 homes in February sold Gilbert, Goodyear and Peoria big three - out on the edge

Resales are now 51% of total sales; Betty and Bob consumer are now the majority! The first time that's been true since 2008! Flips only rep 9% down from 13% in Feb or 2012

Short sales, preferred method, but the banks are asking for higher and higher prices, which then the consumer is like hold it, I can sell it and cover the nut, so you'll see higher prices and less of these come through too.

Auctions - on a heart monitor, 489 bought at auction last month, way down and will continue to fall. But there is less competition down there too, high prices remain, but what you can sell them for his higher too!

Because of chronic shortage of houses, prices will continue to rise, they are up 4% Jan/Feb. already, and season just began, I think it's going to be rising right through the summer because there is no slowdown in demand and builders are creating enough new products to have any affect. Permits are showing they'll only build HALF of what would be necessary to affect supply.

We have an interesting thing going to happen, as prices rise, more people are no longer underwater, yet less people can afford the same house as prices rise, but there are more people every day that can buy again since their foreclosure, you've got new builds coming on, until all these factors work in concert to increase supply to slow demand, we'll have prices increase. All of these factors are a push and pull on supply and demand. We have a consumer that is more and more confident and an economy getting stronger, I don't see any abatement in demand, as long as supply is constrained, we'll continue to see price rises, certainly through June.

Thanks for your time and business, Max is going to host next month. I've attached the spreadsheet, please send me back changes, then I'll send out an updated master on in a week or so.  
dc

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<MOMS List 4-21-13.xlsx>



From: Denny Chittick <dcmoney@yahoo.com>  
To: Roxie Groseth  
Sent: 4/23/2013 8:07:58 PM  
Subject: Re: Cash 4-22- 4-27 - NO CASH

i'll pay 12% per annum, so 100k make 1k a month. if i borrower  
it for 2 weeks, you get a pro-rated interest  
dc

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From: Roxie Groseth <realestatebyroxie@hotmail.com>  
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
Sent: Tuesday, April 23, 2013 10:42 AM  
Subject: RE: Cash 4-22- 4-27 - NO CASH

What are your "short term" terms?

**Roxie Groseth**  
**Realty One Group**  
**Cell: 623-556-3008**  
**Fax: 480-248-2746**

---

Date: Mon, 22 Apr 2013 23:05:47 -0700  
From: dcmoney@yahoo.com  
Subject: Re: Cash 4-22- 4-27 - NO CASH  
To: realestatebyroxie@hotmail.com

i have a booklet, a memorandum and more pages than you'll read.  
however, i've decided to quit taking new investors because i'm  
gettin over taxed with time and my boys are way more important.

if you would like to act as a short term credit line when i'm  
short cash, that would work. i do that with several people.  
let me know what you think.

thx  
dc

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From: Roxie Groseth <realestatebyroxie@hotmail.com>  
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
Sent: Monday, April 22, 2013 8:26 PM  
Subject: RE: Cash 4-22- 4-27 - NO CASH

Hi Denny, Do you accept other people's cash? Do you have a program, docs I could look over? Since I'm failing at winning bids, I could hand a little over to you, just not sure if you do that. Thanks, Roxie

**Roxie Groseth**  
**Realty One Group**  
**Cell: 623-556-3008**  
**Fax: 480-248-2746**

---

Date: Mon, 22 Apr 2013 15:25:33 -0700

From: dcmoney@yahoo.com

Subject: Cash 4-22- 4-27 - NO CASH

To: princevillegroup@yahoo.com; Dave@atlasinvestments.com; azkimble@gmail.com;  
kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com;  
rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com;  
Roger Billeci@PropertyQwest.com; nishelbadtani@yahoo.com; JJMILLER@COX.NET;  
koksalcengiz@gmail.com; jacesanders@gmail.com; darcy@savingarizonahomes.com; ryrobson@gmail.com;  
johnrraypc@gmail.com; smena98754@aol.com; merwin68@gmail.com; ezhomesinc@gmail.com;  
ryan@sundancecg.com; andrew@sundancecg.com; jgroseth@cox.net; rlewis@SnowbirdInvestments.com;  
chad@aldoraconstruction.net; jakegarcia505@yahoo.com; rphillips@phillipsgroupusa.com;  
gmhardy50@gmail.com; appraisalasap@gmail.com; bryan.a.schlueter@gmail.com;  
realestatebyroxie@hotmail.com; cjsterling@cox.net; barryluchtel@gmail.com; landonluchtel@gmail.com;  
thejacejohnson@gmail.com; lstoianova@cox.net; pearces@mailhaven.com;  
rchittick@bidazforeclosures.com; fyale@aol.com; erkanderson30@gmail.com; gpjewett@gmail.com;  
mindyphamhomes@gmail.com; ultimatellc@cox.net; chuck@sellingarizona.com;  
yworry1979@hotmail.com; johnjohnjan@hotmail.com; SREG8000@gmail.com; azhideshow@yahoo.com;  
azhomesale@gmail.com; chrst00@yahoo.com; mphillips310@gmail.com; kansasharley@yahoo.com;  
rconway@all-starcapital.com; bhoward14@cox.net; rhenryscott@gmail.com; ericlebaron5@yahoo.com;  
mswerlyk@lmtwo.com; pzweig@cox.net; Kristi@atlasinvestments.com  
CC: steve@bunger.me, tpsmith99@me.com; BJI@cox.net

I'm getting some more in tomorrow, which will cover what's on my desk, but i have very little closing this week (1.5 to 1.8) and i've got quite a stack on my desk, so plan on me having no cash the rest of the week.

if you have some closing scheduled for this week to the 30th,  
let me know.

thx  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steven Bunger  
**Sent:** 5/1/2013 3:18:25 PM  
**Subject:** docs for investment #4  
**Attachments:** Bunger Invest 4.pdf

here are your docs, just sign pag 6 and send back ot me.  
thx  
dc

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6

6



6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: steve@bunger.me  
Sent: 5/7/2013 4:25:20 PM  
Subject: wire

you'll see \$50,266.67 in your acct this morning, i'll work on  
the balance of the 200k next few days.

thx

dc

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6

6



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Burger  
Sent: 5/16/2013 4:58:51 PM  
Subject: 100k

ok i wired you 100k, so you have it all back that you wanted.  
good luck with the new co.

my two cents, people in charge of a co never make the right  
decision, they will make the wrong decision and then you have  
to use your funds to fix it. so don't let them make any  
decisions.

dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steven Bunger  
**Sent:** 5/19/2013 10:45:53 PM  
**Subject:** return of funds

you wired 200k back to you, did you want another 50k?  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 7/8/2013 5:10:43 PM  
**Subject:** Re: CASH 7/8 - 7/12

i figure if you can't understand it many more prob can't either! i'll be more clear next week.

thx  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, July 8, 2013 10:02 AM  
**Subject:** Re: CASH 7/8 - 7/12

Sorry about that - I've seen your emails before.

Thanks,  
Steve

On Jul 8, 2013, at 9:06 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

i send this out to my borrowers every week, let them know where i'm at. i've got 2.4 million worth of deals that are scheduled to fund this week, which is about what i have in my account. but i have over 2 million coming in from planned closes, which about 70% actually happen. so i'm telling them, i'll have extra cash this week, plus with you telling me you have 750k available, if i get a bunch of requests over my current cash position i can bring more in.  
hope that is more clear.  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Sunday, July 7, 2013 11:14 PM

**Subject:** Re: CASH 7/8 - 7/12

Hi Denny,

I am confused by the email. I think it means you don't need the money now and won't need it for at least a couple of weeks.

Is that correct?

Thanks,  
Steve

On Jul 7, 2013, at 9:53 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

I have just enough in my acct, to cover this weeks committments, which is about 2.4 million. however, i have over 2 million coming in and i can bring in 750k on demand, so i think for the 2nd week in a row i'll have plenty of cash.

thx  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 7/12/2013 4:46:23 PM  
Subject: Re: funds

ok i'll let you know next week and we'll see hwat you left!  
thx  
dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Friday, July 12, 2013 9:45 AM  
Subject: Re: funds

Hi Denny,

I feel terrible but I was not sure how fast you could get the cash out and also offered it to some of my other sources. As of today I have deployed \$600k of the \$750k. I can send you \$150k if that would help. I could also send you another \$100k or \$150k for a month or two if that helps.

Let me know.

I am really sorry,  
Steve

On Thu, Jul 11, 2013 at 12:20 PM, Denny Chittick <dcmoney@yahoo.com> wrote:  
ok i've nearly got all my money out. depending on what comes in on friday, i think i 'll take you up on your funds early next week. i'll let you know .  
thx  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 7/12/2013 5:31:48 PM  
**Subject:** Re: Btw

once i get it, it will be put to work until you say you want it back. but i understand.

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Friday, July 12, 2013 10:21 AM  
**Subject:** Btw

I would have rather given you the money even though you pay 12%. I get 14% with the others but its hard to really yield that because I can't keep the money working 100% of the time.

Thanks,  
Steve



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 7/14/2014 4:32:22 AM  
**Subject:** Re Investing

Ok i just got in to town a few hours ago, i have some catching up to do!

i'll take care of it.

thx

dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Sunday, July 13, 2014 8:38 PM  
**Subject:** Investing

Hey Denny,

I am going to pay down my kids hard money loan because I am sitting on some extra cash. They currently each have \$850,000 with you. Please transfer \$300,000 from each of their accounts and put it into my main account with you. I am going to put \$900,000 into their investment account. Please make it affective on 7/1/14.

Let me know and I will swing by to sign the new paperwork.

Thanks,  
Steve





**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** steve@bunger.me  
**Sent:** 7/15/2013 7:43:01 PM  
**Subject:** RE: Funds

I don't need it today , I had a borrower say he's paying me off on over a million worth if loans tomorrow so I will let u know

Thx

Sent from Yahoo! Mail for iPhone

**From:** Steve Bunger <steve@bunger.me>;  
**To:** Denny Chittick <dcmoney@yahoo.com>;  
**Subject:** Funds  
**Sent:** Mon, Jul 15, 2013 5:51:06 PM

Hi Denny,

I have \$300k right now to invest if you need capital. Please let me know.

Thanks,  
Steve



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** princevillegroup@yahoo.com, Dave@atllasinvestments.com; azkimble@gmail.com; kirkjfscher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger.Billeci@PropertyQwest.com; nishelbadiani@yahoo.com, JJMILLER@COX.NET; koksalcengiz@gmail.com; jacesanders@gmail.com; jakegarcia505@yahoo.com; chad@aldoraconstruction.net; appraisalasap@gmail.com; baryluchtel@gmail.com; landonluchtel@gmail.com, rphillips@phillipsgroupusa.com, charliemelvin13@gmail.com; yworry1979@hotmail.com, bhoward14@cox.net, erikanderson30@gmail.com; bryan.a.schlueter@gmail.com; mphillips310@gmail.com; bhoward14@cox.net  
**CC:** JimM@ABDC-AZ.com; smschloz@msn.com; wbush1120@comcast.net; butlerv@yahoo.com; azhideshow@yahoo.com; mminchuk@cox.net; wjswirtz@me.com; steve@bunger.me; tpsmith99@me.com, jamccoy32@gmail.com; burdett.anthony@gmail.com; mscroggin@me.com  
**Sent:** 8/16/2013 10:23:51 PM  
**Subject:** MOM's meeting 8/16/

Thanks for Jake for hosting!

CASH!!!!

- i'm out, i was out most of the week, and i'll be out most of next week. i have about the amount of money coming in and that i have deals on my desk to back fund. i think that through the end of the month cash will be slim to none. i typically have a lot of closes end of month, but that's next friday, long ways away.

Stats:

Last two months 8200 in sales (MLS), inventory is steady at 20,000,, it's been the same for nearly 8 months now. at the present run rate that puts us at a 2.4 months of inventory

Foreclosures in pipeline 6k to 7k (stats differ) down from 15k to 16k last yr. these will be of course continuing to fall, i think they'll go to record lows sometime next year.

We are now OUT of top 10 in the country, and right at where we should be based on market size and stats, I think we'll fall below. we have basically gone through everyone that was going to lose a house because of the

downdraft, so now we'll be just dealing with the "typical" quantities of foreclosures because of the normal reasons people lose their house.

Listing on the MLS are surprisingly rising in price, though that's showing up in the Ave price, it's quite a difference from last year. 83% of this supply is priced above \$150,000 and 25% is priced over \$500,000,

Ave price is now up to 185k, that's up 27% from last yr this month, 175k from Jan, bottom was 108k, 2011, that's up 15% so far this year. i'm quite confident that we would slow down over the summer and level out again 2nd half of the year, somewhat like last year. this is because of the seasonality, but also because of the jump in interest rates, as low as they are, it still pushed a few people out.

Just to compare, pending ave sale price in August is 183k,

Tendency to go down because of the big dollar sales in PV Scott don't happen in summer.

the market has completely returned to a "normal" market in a traditional sense of stats, 80% of all sales are normal, so we are far from a distressed market.

You know the lenders are loving this stat! 30% of all homes sold at auction were ABOVE the loan!

Don't worry, no bubble, I hear it a lot right now. Difference between now and then.

1. Easy credit, now lending is strict
2. Excess new builds, we are 1/5 the level of new construction
3. New construction and resale price was equal, now it's 100k difference, new construction is 285k, resale 185k
4. Ave price per sq ft - \$119, 13yr ave is \$119!
5. As prices rise, less folks with negative equity, more supply

Remember the peak was for resale 265k, we are just

having a snap back which now will fade. Why?

1. Mortgage rates are up and will continue to go up
2. Prices are going up, these two combo to shrinking the affordability which was off the charts for the last 2 yrs.
3. Hedge funds left so they won't be taking inventory anymore
4. Credit is strict

We are now at "normal" levels of foreclosures when looking historically and adjust for population 1400 a month, but still falling! this will continue to fall and make the auctions a small part of the process.

Hedge funds own 11,000 homes in Phx - 35-40k nation wide

That's 4% of the rental properties in the valley, versus mom and pops that own at 96% of all rentals

Colony owns 13k nation wide

Blackstone owns 32k nationwide

American Residential Properties Inc - now a public co, owns 1400, all here in AZ.

The high end market is strong, 500k to 1million is really strong, 1 million plus has now started to recover, next 12 months I think it's going to be on fire. Just as we saw the prices strengthen at the bottom first and move up, it's moved to the top now.

Canadians have slowed down recently, but the Chinese are buying in droves, though more on the coasts than here, CA is of course the biggest, and in Miami Brazil and Russians are the biggest buyers. These are geographic trends; I don't suspect we'll get impacted.

New builds, I had said 12-15k new houses would be built, some predictions were as high as 20k, but we are on target for 13k. Number one reason, no labor - still amazes me, but we have low number of skilled legal workers, bottom line. Even though prices keep rising, up 24% from last yr

They are predicting 18k for next yr, and 23k for 2015. i'm not even sure those numbers could be possible.

New homes are typically 25-30% of total; they are at 9% presently.

For our population we should be building at least 20-25k houses a year, remember peak was 64k! so we are less than half of that now, and i think our population is going to start moving up again, as prices around the country increase, it allows for people to move that before haven't been able to. we have always been a destination, that's not changing any time soon.

Volume for investor flips has been declining fast, down 46% over the last year due to the shortage of suitable bargain properties. Flips now represent only 6% of total sales, down from 11% in May 2012. this has been mainly the thinning out of the small flippers, and non-professional investors, glad to see them go!

Recently released estimates from the Census Bureau show that between 2010 and 2012 the combined population of Maricopa and Pinal Counties grew by 2.9% while the number of dwelling units (owned and leased) grew by 1.0%

Our population has gained 125k since 2010. Maricopa County. You can see, that supply is not meeting demand.

Simple Econ 101, you have more demand than supply, prices go up. i see nothing in the next 6 months to 18 months that there is anything that will change the present trend. we are at 2004 prices presently. we've got a long long ways to go to get back to peak, i don't see that happening for 5 yrs.

Even though everyone concentrates on interest rates and affordability as the driver of the housing market, it's more supply and demand, which is population growth and new builds. There is a strong correlation to the ladder. This means, prices will continue to rise. Our

population is going up and there is no sign of new  
builds putting in a dent in supply.

thanks for coming and i'll be sending updates on my  
cash levels as they change over the next two weeks.

thx

dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** princevillegroup@yahoo.com, Dave@atlasinvestments.com; azkimble@gmail.com; kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger Billeci@PropertyQwest.com; nishelbadiani@yahoo.com; JJMILLER@COX.NET, koksalcengiz@gmail.com; jacesanders@gmail.com; jakegarcia505@yahoo.com; chad@aldoraconstruction.net; appraisalasap@gmail.com; barryluchtel@gmail.com; landonluchtel@gmail.com, rphillips@phillipsgroupusa.com; charliemelvin13@gmail.com; yworry1979@hotmail.com; bhoward14@cox.net; erikanderson30@gmail.com; bryan.a.schlueter@gmail.com; mphillips310@gmail.com, bhoward14@cox.net  
**CC:** JimM@ABDC-AZ.com; smschloz@msn.com; wbush1120@comcast.net; butler@yaho.com; mmminchuk@cox.net; wjswiriz@me.com, steve@bunger.me, tpsmith99@me.com; jamccoy32@gmail.com; burdett anthony@gmail.com; mscroggin@me.com  
**Sent:** 9/21/2013 3:41:32 AM  
**Subject:** Mom's meeting 9/20

Thanks to Nishel for somehow getting us in to such a swanky place, too bad we won't be invited back, thx Landon.

CASH - I have millions!

I receive in 3 million in from investors in the last week, and 1 million paid off yesterday that I wasn't expecting, still only have about 1.6 million available, 1 million more than I like.

Bernanke did not taper = EVERYONE thought he would.

Economy isn't as strong as he liked, now probably won't for the rest of the year. I'm guessing that if Yellen takes over in January, as now she's the leading candidate, if the numbers are good in the 4<sup>th</sup> quarter, we'll see the bond buying program start to slow down 2<sup>nd</sup> quarter of next year would be the earliest. - THIS MEANS MORTGAGE RATES WILL CONTINUE TO BE ARTIFICIALLY SUPRESSED FOR LAST LEAST 6 MORE MONTHS.

When he mentioned the threat of it a few months ago raised the market did it for him! The 10 yr t-bill jumped 100 basis points (this means from 1.8, to 2.8%) that means on a 150k mortgage the monthly payment just jumped, that's nearly \$100 a month increase, you take it say 250k house, \$150 more. This has a dramatic affect on people and what they can afford.

This shrank the buyer pool substantially!

FHA costs really r like 6.2 % with PMI added on, it's 2.25% of the purchase price of home, 200k home it's \$4,500 a yr or \$375 a month! Those that can qualify, will because they need the low down, but they'll pay dearly on monthly basis.

We saw our first seasonal slowdown in June-August in several years. In the last 2 years, there was such strong demand, we hadn't seen it. This leads me to believe we'll see it again from Turkey-day to super bowl, which again, we've not seen in 3 years!

I saw the slow down a little late. I get notified of a close 10 days to 2 weeks before close. In June I had a lot closings, then in August, I hardly anything closing. But just in the last 10 days I've seen a dramatic increase in payoff requests, so I think it will pick up and be strong until T-day.

LONDON - Debbie Downer

Landon had mentioned to me at lunch last week and then today about seeing the buyers being a big emboldened on their demands and walking more often. I checked with a few other people and heard similar tales. This leads me to believe we've seen a bit of a switch from a seller's market back to buyers market.

Foreclosures, as I had said months before would fall to where they should be for ave number, they did right on queue in June. Then kept falling, we are now under the average, and looks like it's going to keep falling. S/b at 1400 a month, we are 1,150, I'm sure it will go to less than a 1000 before year end.

High end is hot and getting hotter. Jumbo loans are available and cheap! The spread used to be several hundred basis points, now they are at times cheaper than conventional!!!!!! Never seen! The market to buy this type of paper had 100% completely disappeared. Now it's back and quite strong. These buyers are typically putting large cash down, and then get a loan for the rest. Thus the LTV to the lender is sub 60% and they have a strong buyer, who wouldn't want that paper!

There is a 3.8 months of inventory for million dollar homes in Scottsdale! Sales are up 64% yr over yr. typically you see 6 months of inventory. I saw this segment getting hot in the spring, now it's on fire. Even the 1 + sales are way up, 4.8 months of inventory. Just to compare at the bottom of the market I remember seeing a 6.8 YEARS

There is no inventory under 100k, 500 homes or something like that.

September is when we see things pick up, I've talked to a few

saying it has, one modestly priced home, has had 22 showings, though no offers. **It's not a seller's market anymore!** I believe we have switched back to a buyer's market.

I'm not sure this will continue as we get back in to now the next 60-75 days of what usually is a little busier before the holidays.

First time home buyers should be 40% only 28%. This is a combination of higher credit standards (a lot of young people of a lot of debt, CC and Student loans). I believe there is a cultural change in the younger generation and perhaps some fallout from the crisis, hearing or seeing or experience what happened with mom and dad, and they feel no great need to being home owners themselves.

Stats:

sales are down, more because of availability versus demand, month over month and year over year, but not big.

Inventory is continuing to go up! Highest it's been in since January of this year. 22k, 19k low point in June. Pendings are way off, down 15% so I think inventory will continue to climb through the 4<sup>th</sup> quarter.

We are still about 3 months of inventory, 6 months is normal. You would think it's a strong sellers market with good demand, it is! It's just not as strong as we have been used to for the last 2 yrs or more.

BIG STAT medium sales price fell month over month!! 180,200 from 185k!!!! I think this is totally because of big sale price homes fall off a cliff in summer this is median not Ave. We've been going straight up since middle of 2011, its fine if it takes a breather. Summer is typically slow, high dollar homes don't sell, volume is down. In no way are we on the precipice of the next crash. It is just natural undulations of the market.

But the Pending AMRLS number is showing it falling in September too. This is a pending number of contracts to close next month, and the ave of those prices, which is showing a drop.

I've seen another stat that Median price went from 190k to 194k in June to July, I pretty sure that stat will fall in August.

New builds, they are only 9% of total sales! They should be 25-30% of sales, they have a long ways to go, and still will take more than a year to catch up. They've darn near built out

all the shovel ready stuff. Now they are going to buy cotton fields and put in infrastructure. This is going at a very measured pace. There is no and no forcible big ramp up.

Cash buyers are still strong, 30% of sales fewer than 250k are cash, compared to 2007, it was 8%

500k plus , 21% It's about the same on the high end, but I'm pretty sure the high end turns around gets an equity loan right after they close.

We have interesting situation going on, interest rates go up, prices go up, and affordability goes down, shrink buyer pool

Prices go up, less people under water; more can sell their homes and buy a new more expensive one.

People see mortgage rates go up, either they'll run to get one now, or say wait to see if they fall again.

I see more equilibrium than anything else. This means we are entering a more normal market of slight appreciation and steady demand. It will seem odd after what we have experienced, but less exciting isn't a bad thing.

We still have a good macro picture, economy getting stronger, car sales, new house sales, energy, we are going in to the 4<sup>th</sup> quarter, and retail will be strong.

On the world stage, Syria is now off the table; Iran new president states he won't start a war nor will he get nuclear weapons and North Korean is in love with our US Ambassador Rodman!

Now all we have to worry about is this freaking gov't shut down issue! They will undoubtedly do what they've done in the past. Band-Aid it, kick the can, and at some point of there will be a last second deal will get done, probably Wednesday before thanks giving! Now everyone has seen this show before, and has become a bit numb to it.

Bottom line, everything still points to increase prices, could we had a statistical pause in July August maybe Sept? YES

But I think in Dec prices will be higher than now and spring will be strong. We are done with 25% plus annual increases though. I would guess for next yr, we'll be lucky to see 10%

but it's too early to tell.

Thanks for coming.

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6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 9/26/2013 10:51:46 PM  
Subject: Re: Second Account

i can make the statement change, but i can't make it for the interest payment. that's already been withdrawn from my acct and sailing towards your account.

do you want me to make the statement as of sept or start in oct?

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6  
From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, September 26, 2013 3:50 PM  
Subject: Second Account

Hi Denny,

Can you please move \$795,000 of the hard money lending I have invested with you to a second account called, Steven G and Mary E Bunger Estate, LLC. It is a disregarded Nevada LLC and I am the operating member.

I have opened up a Chase bank account that I would like the interest wired to. The account number is 259536006 and it is titled in the LLC name. The routing number is 122100024.

It would be great if you could make the change effective on September 1, 2013.

Please email or call me if you have any questions.

Thanks,  
Steve

6





**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** wka@caribbeanpoolsaz.com, rbrinkman@yahoo.com; trovita@gmail.com; steve@bunger.me, burdett.anthony@gmail.com, kenneni@yahoo.com; wbush1120@comcast.net, butlerv@yahoo.com; thomasbryne11@gmail.com; kayell121@cs.com, epcarrick@gmail.com; carricks3@ak.net; acatejr@gmail.com; artnina@hotmail.com; quelalively@yahoo.com, hcohen3@cox.net, glenbo@cox.net; jackdds@myway.com; sdetota99@yahoo.com; amydirks@hotmail.com; bdirks5@cox.net; rdupper@rhdupper.com; switchback62@hotmail.com; kirkjfisher@yahoo.com; tpsmith99@me.com; dariosdad@gmail.com; rgriswold3@stny.rr.com; anthjen@yahoo.com; nihad@yahoo.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; greeraz@gmail.com; dhowze@cox.net; jbhok@yahoo.com; bji@cox.net; jkjetto@yahoo.com; ljones@dakotacom.net; ralph@kaisertile.net; mbencekent@yahoo.com; Paul\_a\_kent@yahoo.com, rzkoehler@yahoo.com; jemmakopel@hotmail.com, lkopel22@hotmail.com; robertflawson@gmail.com; uaflyor767@gmail.com; terryleeAZ@comcast.net; mlminvestor@gmail.com; bjlocke64@yahoo.com; JimM@ABDC-AZ.com, jamccoy32@gmail.com, patsmiller21@gmail.com, mminchuk@cox.net; kaylenemoss@cox.net; vince muscat@cox.net, davedubay@gmail.com; bjodenthal@frontier.com, jwalker113@cox.net; valeriepaxton@gmail.com; pearces@mailhaven.com, Doriann@cox.net; Jphalen00@aol.com; princevillegroup@yahoo.com; dave@prestoncpa.biz; karenq@mac.com; Peter Rzonca@Avnet.com; stewart.sherriff@cox.net; lanka2000@yahoo.com; smschloz@msn.com; mscroggin@me.com; jgsiegford@yahoo.com; gsiegford@msn.com; Aztonysmith@aol.com; don-cindy@cableone.net; nswirtz@me.com; wjswirtz@me.com; thompsc2@cox.net; jimmy@flytrapproductions.com; steve@taser.com; wadeunderwood@hotmail.com; laurie@weiskopfdesigns.com; mrsbeasley68@verizon.net; mark.weng@gmail.com, czj528@hotmail.com, brian.wenig@honeywell.com  
**Sent:** 9/30/2013 6:08:37 PM  
**Subject:** Newsletter

it's now up, sorry  
<http://denscoinvestment.com/newsletter.html>

dc

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# **\*\* Slip Sheet \*\***

 **Field Details**

**BEGDOC**

OMGB007711



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Dori Ann Davis  
**Sent:** 10/1/2013 8:18:57 PM  
**Subject:** Re: Newsletter

not really, it's over priced stuff!

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**From:** Dori Ann Davis <doriann@cox.net>  
**To:** 'Denny Chittick' <dcmoney@yahoo.com>  
**Sent:** Tuesday, October 1, 2013 12:33 PM  
**Subject:** RE: Newsletter

LOL. J That's a lot of Harley wear...

da

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Tuesday, October 01, 2013 12:06 PM  
**To:** Dori Ann Davis  
**Subject:** Re: Newsletter

you have 90 days! after that you'll have to spend it on Harley wear!

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**From:** Dori Ann Davis <doriann@cox.net>  
**To:** 'Denny Chittick' <dcmoney@yahoo.com>  
**Sent:** Tuesday, October 1, 2013 11:39 AM  
**Subject:** RE: Newsletter

Reassuring message. I'm thinking I may invest more before the year's end. I'm telling you b/c I don't want to forget later in the year.

da

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Monday, September 30, 2013 11:09 AM  
**To:** [wka@caribbeanpoolsaz.com](mailto:wka@caribbeanpoolsaz.com), [rbrinkman@yahoo.com](mailto:rbrinkman@yahoo.com), [trovita@gmail.com](mailto:trovita@gmail.com), [steve@bunger.me](mailto:steve@bunger.me), [burdett.anthony@gmail.com](mailto:burdett.anthony@gmail.com),  
[kennenl@yahoo.com](mailto:kennenl@yahoo.com), [wbush1120@comcast.net](mailto:wbush1120@comcast.net), [butlerv@yahoo.com](mailto:butlerv@yahoo.com), [thomasbrynell@gmail.com](mailto:thomasbrynell@gmail.com), [kayell121@cs.com](mailto:kayell121@cs.com),  
[epcarrick@gmail.com](mailto:epcarrick@gmail.com), [carricks3@ak.net](mailto:carricks3@ak.net), [acatejr@gmail.com](mailto:acatejr@gmail.com), [artnuna@hotmail.com](mailto:artnuna@hotmail.com), [quejalively@yahoo.com](mailto:quejalively@yahoo.com), [hcohen3@cox.net](mailto:hcohen3@cox.net),  
[glenbo@cox.net](mailto:glenbo@cox.net), [jackdds@myway.com](mailto:jackdds@myway.com), [sdetota99@yahoo.com](mailto:sdetota99@yahoo.com), [amydirks@hotmail.com](mailto:amydirks@hotmail.com), [bdirks5@cox.net](mailto:bdirks5@cox.net),  
[rdupper@rhdupper.com](mailto:rdupper@rhdupper.com), [switchback62@hotmail.com](mailto:switchback62@hotmail.com), [kirkjfisher@yahoo.com](mailto:kirkjfisher@yahoo.com), [tpsmith99@me.com](mailto:tpsmith99@me.com), [dariosdad@gmail.com](mailto:dariosdad@gmail.com),

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jemmakopel@hotmail.com; lkopel22@hotmail.com; robertflawson@gmail.com; uaflyor767@gmail.com,  
terryleeAZ@comcast.net, mlminvestor@gmail.com, bjllocke64@yahoo.com; JimM@ABDC-AZ.com; jamccoy32@gmail.com,  
patsmiller21@gmail.com; mminchuk@cox.net; kaylenemoss@cox.net; vince.muscat@cox.net; davedubay@gmail.com;  
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Jphalen00@aol.com, princevillegroup@yahoo.com; dave@prestoncpa.biz; karenq@mac.com; Peter.Rzonca@Avnet.com;  
stewart.sherriff@cox.net; lanka2000@yahoo.com; smschloz@msn.com; mscroggin@me.com; jgsiegford@yahoo.com,  
gsiegford@msn.com; Aztonysmith@aol.com; don-cindy@cableone.net; nswirtz@me.com; wjswirtz@me.com;  
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laurie@weiskopfdesigns.com; mrsbeasley68@verizon.net, mark.wenig@gmail.com, czj528@hotmail.com;  
brian.wenig@honeywell.com  
Subject: Newsletter

it's now up, sorry

<http://denscoinvestment.com/newsletter.html>

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No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2013.0.3408 / Virus Database: 3222/6708 - Release Date: 09/29/13

No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2013.0.3408 / Virus Database: 3222/6708 - Release Date: 09/29/13



6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 11/20/2013 6:14:13 PM  
Subject: Re: MOM's meeting

ya, i won't need it until next week i'm guessing, if i do need it. the swings in cash are pretty remarkable. it's just a law of large numbers, 400 loans nearly 60 million, a lot comes in and out!  
thx  
dc

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6  
From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, November 20, 2013 11:08 AM  
Subject: Re: MOM's meeting

perfect - I won't have the cash until Friday but I am guessing that will still work for you.

On Nov 20, 2013, at 11:06 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

not this week, but i'll let you know, i've got some large deals that keep moving dates, so i could turn around and say yes tmorrow! i'll let you know when i know.  
thx  
dc

6  
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602-532-7737 f

From: Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Wednesday, November 20, 2013 10:56 AM  
Subject: Re: MOM's meeting

Hey Denny,

I'll be there. Also, let me know if you want any more money. I just sold my remaining mini stock options and am flush with cash.

Thanks,  
Steve

On Nov 18, 2013, at 11:29 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

My goal in bringing us together was to share info, learn from one another and pick on Chris.

For this months meeting, instead of listening to me babble, Kevin has brought in some guys that will be helpful to your tax planning. Even though we all know you need to pay your "Fair Share" , it should be as small a possible.

I've got about 10 commits, let me know if any more are going to make it.

thx - read below  
dc

I know we normally share contractor and market info at the monthly meeting. I thought it would be timely to discuss tax reduction avenues for reducing our payments to the Obama fund. Since the end of tax year is coming to an end for most of us, I wanted all of us to think about the avenues we have used and share with the group.

I have invited 2 people who I thought we all can benefit from: Both were recent speakers at last weeks Financial Fest.

**Please see the attached about both of them**

Steve Jurich -



6 Founder & Owner of IQ Wealth Management Scottsdale AZ  
Steve is a regular on Money radio discussing financial topics  
He regularly performs seminars with Steve Forbes on the "New economy"  
He still holds a Real Estate Brokers license from past businesses  
(He knows are business well)  
He holds several financial licenses and has a fiduciary responsibility to his clients  
He is an income/wealth specialist  
<http://www.iqwealthmanagement.com/>

I wanted Steve to discuss any topics that you may have interest in as well as self employed IRA's, especially the self employed IRA 401K that can have up to 51k contributed for 2013.

6 Matthew Griffin- Payson Petroleum  
Founder & Part Owner & CAO of Payson Petroleum Bartonsville TX

Please review the attached tax advantages for this Oil & Gas investment.

This may or may not be of interest to you.

As a front end loaded tax reduction avenue..... I have not found a better one.

<http://www.paysonpetro.com/>

I wanted Matt to educate and answer any questions regarding this tax savings/investment with all of us.

Matt is flying in from TX. And Steve has set aside this time to share his knowledge with the group. I want to make sure that we have enough people for this month. Please RSVP as soon as possible so I can confirm the event with them.

6 They are not doing this for the purpose of getting clients. They are doing this as a favor to me for being a client.

I receive no benefit in anyway from this.....

6

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6

6



6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 11/25/2013 6:37:32 PM  
Subject: Re: Money

wow, ok, i'll keep on the bat phone!  
thx  
dc

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6  
From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Monday, November 25, 2013 11:36 AM  
Subject: Money

Hey Denny,

I just got a huge wire in and now have nearly \$4M to invest. Keep me in mind even if it is for a shorter period of time.

Thanks,  
Steve

6



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 12/18/2013 4:30:51 PM  
Subject: Re: investment

right now i'm not sure. it's so difficult to know who's doing what amount of work next week. i've been funding a lot of deals as planned, but closings have slowed down. so i've worked through my cash, which is good, but either i could have a million come in friday or nothing and with the holiday middle of the week, not sure what's going to happen next week.

i would guess 500k to 1 million. i just wanted to make sure you hadn't spent it all. if it's available i'll be in touch as i get smarter on cash flow.

thx  
dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, December 18, 2013 9:19 AM  
Subject: Re: investment

I am. How much are you thinking?

Thanks,  
Steve

On Dec 18, 2013, at 9:04 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'm not in need of any today, however, i might require some more money by end of week or first of next week of payoffs slow down. are you still interested in investing some?  
thx

dc



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6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 12/20/2013 2:52:27 PM  
Subject: Re: dollars

not seen it yet, i'll let you know, which entity did you want the paperwork in?

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6  
From: Steve Bunger <steve@bunger me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Friday, December 20, 2013 6:32 AM  
Subject: Re: dollars

I just wired you the money.

Thanks,  
Steve

On Dec 19, 2013, at 11:16 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'll take the suspense out of it now. I'll take 500k in the morning. which means of course i'll have 1 million payoffs tomorrow, but that's ok. my desk is getting stacked up on deals to close by the end of the year.

i'll have the paperwork for you, once you let me know which entity you want it in. i'll pay monthly and 12% with the understanding i'll probably returning some if not all of it in the first quarter. i want you to be able to pay your fair share!

thx  
dc

6  
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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 12/20/2013 3:41.08 PM  
Subject: Re: dollars

ok it hit, thx, let me know which entity you want the docs in.  
thx  
dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Friday, December 20, 2013 6:32 AM  
Subject: Re: dollars

I just wired you the money.

Thanks,  
Steve

On Dec 19, 2013, at 11:16 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

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i'll have the paperwork for you, once you let me know which entity  
you want it in. i'll pay monthly and 12% with the understanding i'll  
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you to be able to pay your fair share!

thx  
dc

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6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 12/24/2013 4:21.51 AM  
Subject: Re: Need any \$\$

ok i'm good for tomorrow. however, thursday friday i might be in need. i've got to good borrowers, you've one of them, Barry and Landon, they need 300k, and another needs 500k. i had a few people tell me they think their stuff will close tomorrow. if all of them do i'll be fine, but you know the offices will be empty by noon, so i'll know early how much i'll have .  
i'll let you know tomorrow if i need anything at the end of the week.  
thx  
dc

6  
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From: Steve Bunger <steve@bunger me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Monday, December 23, 2013 3:55 PM  
Subject: Need any \$\$

Thanks,  
Steve

6



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 12/24/2013 8:33:27 PM  
Subject: cash

not withstanding any unforeseen deals that come up the next few days, i got enough in today to cover everything on my desk. you never know though! have a great xmas!  
if things change i'll be in touch!

thx  
dc

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From: Denny <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 1/13/2014 1:03:03 AM  
Subject: Re: investment

Ok no prob, call me when u get back we will figure it out, timing and dollars

Sent from my iPad

On Jan 12, 2014, at 5:58 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

I'll let you know when I get back home from whistler tonight. I did a bunch of other loans and need to see how much I committed. How much do you think you will need?

Thanks,  
Steve

On Jan 12, 2014, at 12:32 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

1. i have paperwork for you for that 500k you invested last month  
2. if you have some more you want to invest, let me know. As typical for this time of year, closing (cash coming back to me) are slow, because no one was buying (retail investors) houses in December, they were xmas shopping, yet, my guys are still buying pretty regularly.

I can see myself running out of cash perhaps this week.

let me know

thx

dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 1/14/2014 8:46:21 PM  
Subject: Re: MOM's meeting for January

great, probably leave just before 11, take a few mins to get there.

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, January 14, 2014 1:40 PM  
Subject: Re: MOM's meeting for January

I'll be there - maybe we can drive together. What time will you be leaving at?

On Jan 14, 2014, at 10:55 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

forgot the crucial info, Jan 24th Friday., 11:30  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: "princevillegroup@yahoo.com" <princevillegroup@yahoo.com>; "Dave@atlasinvestments.com" <Dave@atlasinvestments.com>; "azkimble@gmail.com" <azkimble@gmail.com>; "kirkjfisher@yahoo.com" <kirkjfisher@yahoo.com>; "mikemoore524@yahoo.com" <mikemoore524@yahoo.com>; "mblackford1@cox.net" <mblackford1@cox.net>; "rustania@gmail.com" <rustania@gmail.com>; "rexall4u@hotmail.com" <rexall4u@hotmail.com>; "kyle@brownequity.com" <kyle@brownequity.com>; "bennettcaudie@gmail.com" <bennettcaudie@gmail.com>; "adam@investorarizona.com" <adam@investorarizona.com>; "Roger Billeci@PropertyQwest.com" <Roger Billeci@PropertyQwest.com>; "nishelbadiani@yahoo.com" <nishelbadiani@yahoo.com>; "JJMILLER@COX.NET" <JJMILLER@COX.NET>; "koksalcengiz@gmail.com" <koksalcengiz@gmail.com>; "jacesanders@gmail.com" <jacesanders@gmail.com>; "jakegarcia505@yahoo.com" <jakegarcia505@yahoo.com>; "chad@aldoraconstruction.net" <chad@aldoraconstruction.net>; "appraisalasap@gmail.com" <appraisalasap@gmail.com>; "barryluchtel@gmail.com" <barryluchtel@gmail.com>; "landonluchtel@gmail.com" <landonluchtel@gmail.com>; "rphillips@phillipsgroupusa.com" <rphillips@phillipsgroupusa.com>; "charliemelvin13@gmail.com" <charliemelvin13@gmail.com>; "yworry1979@hotmail.com" <yworry1979@hotmail.com>; "bhoward14@cox.net" <bhoward14@cox.net>;

"erikanderson30@gmail.com" <erikanderson30@gmail.com>; "bryan.a.schlueter@gmail.com" <bryan.a.schlueter@gmail.com>; "mphillips310@gmail.com" <mphillips310@gmail.com>; "bhoward14@cox.net" <bhoward14@cox.net>; Phillip Zweig <pzweig@cox.net>  
Cc: "JimM@ABDC-AZ.com" <JimM@ABDC-AZ.com>, "smschloz@msn.com" <smschloz@msn.com>, "wbush1120@comcast.net" <wbush1120@comcast.net>, "butlerv@yahoo.com" <butlerv@yahoo.com>, "mminchuk@cox.net" <mminchuk@cox.net>, "wjswartz@me.com" <wjswartz@me.com>, "steve@bunger.me" <steve@bunger.me>, "tpsmith99@me.com" <tpsmith99@me.com>, "jamccoy32@gmail.com" <jamccoy32@gmail.com>, "burdett.anthony@gmail.com" <burdett.anthony@gmail.com>, "mscroggin@me.com" <mscroggin@me.com>, "hey.ralph01@gmail.com" <hey.ralph01@gmail.com>

Sent: Tuesday, January 14, 2014 10:40 AM

Subject: MOM's meeting for January

I'm hosting!

We'll have it at the Orange Tree golf course again, Miller can you call and reserve for us please?

10601 N 56th St, Scottsdale, AZ 85254

11:30am

Landon has a prop mgr guy he wants to speak.

let me know who's coming!

thx

dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 1/21/2014 7:03:40 PM  
Subject: Re: cash

ok that will work.

thx

dc

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From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, January 21, 2014 11:17 AM  
Subject: Re: cash

you should see \$500k today and then \$500k tomorrow.

On Jan 21, 2014, at 11:07 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'll be needing your cash this week, give me a call so we can talk.

thx

dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 1/21/2014 7:42:40 PM  
Subject: 500k

received  
thx  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 1/22/2014 3:51:00 PM  
Subject: received

500k today.  
thx, i'll have docs for you on friday  
dc

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602-532-7737 f



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** princevillegroup@yahoo.com; Dave@atlasinvestments.com; azkimble@gmail.com; kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net; rustania@gmail.com; rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com; Roger.Billeci@PropertyQwest.com; nishelbadiani@yahoo.com, JJMILLER@COX.NET; koksalcengiz@gmail.com; jacesanders@gmail.com; jakegarcia505@yahoo.com; chad@aldoraconstruction.net; appraisalasap@gmail.com; barryluchtel@gmail.com; landonluchtel@gmail.com, rphillips@phillipsgroupusa.com, charliemelvin13@gmail.com; yworry1979@hotmail.com, bhoward14@cox.net; erikanderson30@gmail.com; bryan.a.schlueter@gmail.com, mphillips310@gmail.com, bhoward14@cox.net; gmabel@aol.com  
**CC:** JimM@ABDC-AZ.com, smschloz@msn.com; wbush1120@comcast.net; butler@v@yahoo.com; mminchuk@cox.net; wjswirtz@me.com; steve@bunger.me; tpsmith99@me.com; jamccoy32@gmail.com, burdett.anthony@gmail.com; mscroggin@me.com; hey.ralph01@gmail.com  
**Sent:** 1/26/2014 8:34:34 PM  
**Subject:** MOM's meeting notes

## Mom's Meeting Jan 2013

I bought lunch, so now i'm looking forward to a years worth of free ones!

CASH – will be tight for the next few weeks – I pulled in all the money that was offered to me, and not a lot has been closing, seasonal, February will be much better.

MACRO – nothing bad happening, Iran is our friend, Syria is talking to negotiators, Rodman has North Korea under control

The Fed started the tapering finally, it's small, somewhat ceremonial, however, it's significant and they won't be raising interest rates anytime soon.

Euro is turning positive, they could have their first positive year in GDP in 6 yrs, China is slowing but is still growing, and South America isn't doing anything.

The US economy is going to have its best year in 2014 since 2005, 3.5% plus GDP I'm sure of it.

Only scary news item, Olympics, I can't see them going off without

at least one if not multiple bombings.

"Treasury Deeds" / Tax Sales" – list the one I emailed you out a short list. They claim to have 81 other properties. There are some title issues because of the way they are acquired. Stan was able to find the contact that he mentioned; Mark L Manoil is the Phoenix attorney who specializes in tax liens. He has written some papers on the subject. 602-354-4262 check out <http://cpexchange.com> if you are interest in pursuing and perhaps educating the rest of us on it.

Supply and Demand – we are starting to get in to an oversupply mode, until the spring buying picks up, should be after the super bowl!

Listings are at 27,724, highest they've been since Nov 2011, and we had pending over 10k! Now we have only pending of 5500! Last yr we had 9800 right now. It's not going to be a rip roaring spring, steady eddy, boring would be the better way to describe it.

Unless we see a big demand pick up, we are going to see houses sitting longer, and prices could suffer a bit. We are still at 200k average selling price, just like I had predicted in June, we should be flat if not down, and I still think Dec could drop, but it will be just 1-3k drop. Let's say we start there yr at 200k, I think we'll see a bump in spring, just because of the season, then flat again the rest of the year. But the bump up will be 10% if we are lucky.

Seeing same trends, home sales fewer than 150k down 52%, sales of homes over 500k is up 14%, rich are buying, stock market up, and jumbo loans are down! Cheaper than conventional! Again I don't think the average is a great number to look at as far as appreciation. Simply put the mix that creates the number is changing not so much the actual values. I think we could see some area cool off and mild price drops, while other areas still going up.

The big boys are gone, the top 10 buyers bought 11 homes, now we'll wait to see if they start selling, and at this point there is no sign of it. They are off to Chicago/Atlanta is where I've heard.

**They are being extremely successful in selling the securitized portfolio! Now they just need to buy more houses, bunch them up, sell the paper, re-liquefy their portfolio and buy some more.**

The average home on the market for under 150k is 79 days, up from 67 days last month, this is going to go up as an ave because of the holidays, and then should fall come April.

Foreclosures, anyone still looking at the auction? There are days when there are less than 20 going to auction with opening bids. Because of the holidays, all the postponements, you should see this pick up a bit in rest of Jan/Feb, and then continue to fall.

New construction fell in Nov, probably will in Dec as well. One different thing that you can see is that the homes being built are 29% larger per sq ft, my guess is that's because they aren't building any starter homes, new buyers can't get credit, too much student loan debt, still living in mom's basement, thus the homes that are being built are for move ups and established families wanting bigger newer homes.

Looks like new builds will end the year around 12,500, beginning of the year, remember they were saying 15k plus, never happened. They were saying next yr would be 17k plus, we'll be lucky to hit 12,500 again. This is good and bad for us, good for the economy and jobs, bad for competition.

Short sales have fallen by 75%, this is because the banks want more, no one wants to go through the process for that price, or they ask for a price higher than the debt and owner figure he can sell it without using the bank or before the kick him out.

MAIN SOURCE OF BUYING HOMES IS THROUGH REALTORS IN A SEMI-DISTRESSED SITUATION PEOPLE WITH NO CAPITAL CAN'T FIX UP THEIR HOMES NOT THAT THEY ARE LOSING THEM TO THE BNAK.

I don't see prices falling dramatically, there isn't stress to do that; it will just take longer to sell homes, harder to find good homes with margins. I'm less optimistic about a 10% price increase this year, too early to tell, we'll see if the spring buying season gets going, if it does we could see a nice bump, if it stays quiet, flat will be the word.

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steven Bunger  
Sent: 3/5/2014 1:31:41 AM  
Subject: cash back

you have an idea of how much money you'll need back from  
before april 15th?

thx

dc

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602-532-7737 f



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** princevillegroup@yahoo.com; Dave@atlasinvestments.com, azkimble@gmail.com, kirkjfisher@yahoo.com; mikemoore524@yahoo.com; mblackford1@cox.net, rustania@gmail.com, rexall4u@hotmail.com; kyle@brownequity.com; bennettcaudle@gmail.com; adam@investorarizona.com, Roger.Billeci@PropertyQwest.com, nishelbadiani@yahoo.com; JJMILLER@COX.NET; koksalcengiz@gmail.com, jacesanders@gmail.com, jakegarcia505@yahoo.com, chad@aldoraconstruction.net; appraisalasap@gmail.com; barryluchtel@gmail.com; landonluchtel@gmail.com, charliemelvin13@gmail.com; yworry1979@hotmail.com; bhoward14@cox.net; enkanderson30@gmail.com; bryan.a.schlueter@gmail.com; gmabel@aol.com, pzweig@cox.net; colin@brownequity.com  
**CC:** JimM@ABDC-AZ.com, smschloz@msn.com, wbush1120@comcast.net; butlerv@yahoo.com, mminchuk@cox.net; wjswirtz@me.com; steve@bunger.me; tpsmith99@me.com; jamccoy32@gmail.com; burdett.anthony@gmail.com, mscroggin@me.com; hey.ralph01@gmail.com; Jphalen00@aol.com; Aztonysmith@aol.com  
**Sent:** 3/24/2014 12:28:38 AM  
**Subject:** Mom's meeting 3/21

## Mom's Meeting March 14

CASH – I have over 4.8 million closing today and next week, I'm hoping that it does come in and I am able to be a little more flexible with cash. It's heavily waited towards end of the week

MACRO – Ukraine event now seems like political folly rather than an international crisis.

Euro's numbers are still looking better- Increase in car sales for the first time in 6 years!  
China's numbers, one report is bad, one is good, and no one believes the numbers.

The US economy is more resilient than all the talking heads are saying. I still believe that will see a run in the economy later in the year. There was a sentiment poll done recently and it was highest in years, this bodes really well. If people feel good, they buy, shop, eat out, economy does better.

The FED – the taper is being continued! 10 billion a month. They are down to 55B from 85b. They will be done by year end, maybe even earlier.

They've maintained that even though a lot of bad economic numbers have come out and the stall in the economy because of the weather. They won't be raising interest rates anytime soon, this yr? Doubtful.

However, mortgage rates haven't jumped like everyone thought. They have stayed in the mid 4% and will remain there until either the Fed raises short term rates or the demand picks up, both could happen or just one of them.

Supply and Demand – I can confidently say we are now in spring buying, the biggest change, is that the number of properties going under contract is greater than those coming on to the market. We've had 4 straight weeks of this trend. It was a month late, but it's here and strong.

Listings are at 30k! Pending are now over 7500 a month, highest they've been since Sept. I'm sure they will run in to the 8000's over the next few months.

Demand in January was 18% higher than in Dec, but of course down from Jan to Jan by 22%. The ave price, according to the one number I look at was fell in January!!! 196,900! It finally came later than I thought. I could see it fall in Feb and then start up again in March. This is purely because of the higher end homes are making up a larger % of the sales, but during these months those folks aren't buying, I think this will rebound, perhaps abruptly over the next few months.

○ So now we'll see if we can get back to that number and make it to 215k to 220k by year end. I think it's possible with a good spring, we are starting off well, then I think the economy will take over and we'll have a decent summer and fall.

Seeing same trends, home sales fewer than 150k down 47%, sales of homes over 500k is up 14%. There are just so few homes below 150k; the bulk is between 150k and 500k, but over 500k more houses are selling than in the last several years. 99% more dollars spent on homes over 500k Jan over Jan just to compare how much strength is in the higher end market. Total market share is up 19% to 25% of total dollars and while under 150k dropped from 21% to 13%.

○ The average home on the market for under 150k is 92 days, up from 41 days last year, this should start to fall now that the activity is picking up.

Foreclosures – I said we would under a 1000 before too long, December was 1013, I'm sure that number will fall. Though there is some noise about all the loan mods are now coming back to their 2 and 3 yr mark, where the rate changes, so that may bring some more through the pipeline. We are now over 400 under what the "normal" average number should be.

○ Auctions – see fewer rescissions in the last month, which is great, although the deals haven't really improved.

**New home sales DROPPED Dec to January, 1069 to**

**632.**

Down 21% from last yr Jan too.

- However the total dollars were the same, thus they are fewer, but bigger and more expensive – again, no first time home buyers!

New permits is falling, it fell in Dec/Jan and Feb. it's now at a run rate below last year, at 12,720.

Just as contrast – 1996, 29k, 2004, 55k

I said we would be lucky to hit 15k, perhaps 12k might be hard now.

Multi family is still going up, another 12% increase Jan over Jan.

- Now that Spring Buying is here and strong, I think we'll have a good spring, not great. If we can continue the trend of eating up supply that will bode well for some appreciation for the year. Obviously the new home supply is not going to have an effect on us. When you look at the numbers for out of state /country buyers, all the numbers show it falling dramatically. We are back to a normal boring market with limited opportunities but good demand.

Feb-to June is the buying season, this will set the stage for the year we'll have. I still believe that with the economy picking up, hopefully you'll see more of these damn millennials start buying and we see more move up.

- Underwater mortgages at the bottom was 60%, 2011, 40% and now only 22% are under water. This will allow more people to move up. Which we've not seen hardly any of for 7 years.



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From: Denny <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 4/3/2014 4:28:39 AM  
Subject: Re: Question

So reduce ur acct 3.3 make 3 new accts and send the interest to each one?

Sent from my iPad

On Apr 2, 2014, at 9:12 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Hi Denny,

Thanks for the information. I'll have to see if they really need the money (i.e. they are bidding on a house this Friday).

I am also working on putting together the money I need to pay my taxes. I was hoping you could transfer \$1.1M into separate accounts for my kids. You would then reduce my account by \$3.3M (ouch). The target effective date is April 15, 2014. The name on the accounts are as follows:

- Alexandra S Bunger Irrevocable Trust Dated 12/29/1995 - (SSN 601-06-1875)
- Cassidy E Bunger Irrevocable Trust Dated 12/29/1995 - (SSN: 601-33-0510)
- Connor P Bunger Irrevocable Trust Dated 12/29/1995 - (SSN: 601-61-2305)

I was also going to have you wire the interest to their bank accounts at Charles Schwab (routing number 031000053). Their Schwab account numbers are:

- Steven G Bunger TTEE, Alexandra S Bunger Irrevocable Trust Dated 12/29/1995 - 7035518376
- Steven G Bunger TTEE, Cassidy E Bunger Irrevocable Trust Dated 12/29/1995 - 7036329798
- Steven G Bunger TTEE, Connor P Bunger Irrevocable Trust Dated 12/29/1995 - 7036329712

Will this be ok with you?

Thanks,  
Steve

On Apr 2, 2014, at 11:25 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i can't, you can.

yes 150k is no problem, house is worth 210k

few suggtions and understandings

1. go through title no other way to do the deal
2. understand that this is not an investment property. worse worse case sernario, you foreclose it could take 1 year or more to get your money back. why? you foreclose 90 days, however, being a primary residence a homeowner can play lots of games to

postpone the auction, file bk, etc.  
dc

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From: Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Wednesday, April 2, 2014 11:10 AM  
Subject: Question

Hi Denny,

I am thinking about doing a hard money loan on a house. The borrower was going to use his personal home as collateral that he says he owns free and clear. I think he needs \$150,000. Would you do the loan? The address for the personal home is: 12602 w sunny side drive, el mirage, az

Thanks,  
Steve



6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: steve@bunger.me  
Sent: 5/16/2014 12:05:24 AM  
Subject: Re: dinero

Ok thx

Sent from Yahoo Mail for iPhone

From: Steve Bunger <steve@bunger.me>;  
To: Denny Chittick <dcmoney@yahoo.com>;  
Subject: Re: dinero  
Sent: Thu, May 15, 2014 11:45:56 PM

Sorry but not now

Thanks,  
Steve

On May 15, 2014, at 4:39 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

still have some lying around?

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6



6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 5/18/2014 12:19 59 AM  
Subject: Re: Hard Money Loans - Kids

ok i've done all this, i have a stack of paperwork for it, and you'll get new statements for each kid. i'm sure you are busy with other things so it's not an emergency!

thx

dc

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6  
From: Steve Bunger <steve@bunger.me>  
To: Denny Chittick <dcmoney@yahoo.com>  
Cc: Scott Sprinkle <scott@sprinklefinancial.com>  
Sent: Tuesday, May 6, 2014 8:21 PM  
Subject: Hard Money Loans - Kids

Hi Denny,

I hope I am not being too much of a pain in the back side but I need the documents modified for the kid's trust. During the month of May, I received payouts from my other hard money loans and then transferred those funds to the kids trust account. As a result, the amount of investments that each of the trust should be \$850,000 (not \$1.1M each) as of May 1st. My main account would now be increased by \$750k.

I also wanted to make sure you had the correct direct deposit account for the interest that you would transfer into their accounts for interest.

Schwab Account Numbers, Titles of Account & Federal ID Number:

- Ali - 3133-6987, Alexandra Shea Bunger Irrevocable Trust Dated 12-29-95, IEN 46-6760598
- Cassidy - 6337-7878, Cassidy Elizabeth Irrevocable Trust Dated 12-29-95, IEN 46-6762223
- Connor - 6623-2228, Connor Perry Bunger Irrevocable Trust Dated 12-29-95, IEN 46-6765279

6  
Schwab Routing Number: 031100157

I hope this makes sense.

Please call me if you have any questions.

Thanks,  
Steve

6

6

6





**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Tricia Moore; Steve Bunger  
**Sent:** 5/29/2014 10:54:45 PM  
**Subject:** Re. Account Numbers

ACH's are set up again, they go out tomorrow, won't hit until early next week.  
thx for the help Tricia.  
dc

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**From:** Tricia Moore <tricia@sprinklefinancial.com>  
**To:** "Steve Bunger (steve@bunger.me)" <steve@bunger.me>; Denny Chittick <dcmoney@yahoo.com>  
**Cc:** Scott Sprinkle <Scott@sprinklefinancial.com>  
**Sent:** Thursday, May 29, 2014 3:29 PM  
**Subject:** RE: Account Numbers

I confirmed the account numbers and routing number below for the three Bunger trusts with Schwab. Those are the correct numbers for ACH transfers.

Tricia Moore, CPA  
Sprinkle Financial Consultants LLC  
1520 W Canal Ct #220  
Littleton CO 80120  
Phone 303-297-2185  
Fax 303-297-2187

**From:** Scott Sprinkle  
**Sent:** Thursday, May 29, 2014 1:00 PM  
**To:** Tricia Moore  
**Subject:** FW: Account Numbers

Attached are the routing and account numbers to verify with CS.

Scott Sprinkle, CPA/PFS, CGMA, CFP®  
Sprinkle & Associates LLC  
Sprinkle Financial Consultants LLC  
1520 W. Canal Ct., Ste 220  
Littleton, CO 80120  
303-297-2121  
303-297-2187 fax

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From: Steve Bunger [mailto:steve@bunger.me]  
Sent: Tuesday, May 06, 2014 10:23 AM  
To: Scott Sprinkle  
Subject: Account Numbers

Hi Scott,

I am going to send an email to the hard money lending guy and wanted to make sure I have the information right before I do. Are the Schwab account number correct below?

Schwab Account Numbers, Titles of Account & Federal ID Number:

- Ali - 7044757065, Alexandra Shea Bunger Irrevocable Trust Dated 12-29-95, IEN 46-6760598
- Cassidy - 7044760147, Cassidy Elizabeth Irrevocable Trust Dated 12-29-95, IEN 46-6762223
- Connor - 7044757146, Connor Perry Bunger Irrevocable Trust Dated 12-29-95, IEN 46-6765279

Schwab Routing Number: 031100157

Thanks,  
Steve




From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 6/26/2014 6:08:31 PM  
Subject: docs

I have a small stack of docs that i need to have you sign, let me know when i can come over.

thx  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 7/15/2014 11:12:47 PM  
**Subject:** Re: Investing

yes, desert classic, you'll see it july 30th, starting july 1th.  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, July 15, 2014 3:55 PM  
**Subject:** Re: Investing

Will the interest payments go to me and Beth effective July 1?




Thanks,  
Steve

On Jul 15, 2014, at 3:36 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

ok i've got the paperwork done, you'll see the changes in teh July  
end of month statements.

thx  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Sunday, July 13, 2014 8:38 PM

**Subject:** Investing

Hey Denny,

I am going to pay down my kids hard money loan because I am sitting on some extra cash. They currently each have \$850,000 with you. Please transfer \$300,000 from each of their accounts and put it into my main account with you. I am going to put \$900,000 into their investment account. Please make it affective on 7/1/14.

Let me know and I will swing by to sign the new paperwork

Thanks,  
Steve





**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Mo Sam Chittick; Mo Sam Chittick; Kirk Fischer; Judy Gary Siegford; GE Siegford; Herb Cohen; Jeff Phalen; Jim Trainor; Mark Wenig; Mike Gumbert; Marv Pat Miller; Robert Hahn; Terry Lee; Thomas Smith; Steve Bunger; William K. Alber; Bill & Judy Hughes; Wayne Ledet; Brian Dawn Imdieke; Dave DuBay; Don Sterling; James McCoy; Mike Annette Scroggin; Paul A. Kent; Russ Kim Griswold; Stan Schloz; Kay McDowell; Larry Minchuck; Nihad Hafiz; Ralph Hey; Van Butler; Vince Muscat; Tony Smith; Averill Cate Jr; Bill Swirtz; Craig Brown; Doris Nicholson-Howze; Jim McArdle; Les Jones; Michael Zones; Warren Bush; Stan Ricks; Ryan Baughman  
**Sent:** 7/28/2014 5:49:47 PM  
**Subject:** Re: This months payment

I have the answer to one question!  
I re-entered them, went back in to my account and they were deducted twice! I guess they needed a little nudge!  
So you should get your money! Perhaps twice!  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Mo Sam Chittick <evchick57@yahoo.com>; Mo Sam Chittick <quelalively@yahoo.com>; Kirk Fischer <kirkfischer@yahoo.com>; Judy Gary Siegford <jgsiegford@yahoo.com>; GE Siegford <gsiegford@msn.com>; Herb Cohen <hcohen3@cox.net>; Jeff Phalen <jphalen00@aol.com>; Jim Trainor <jimmy@flytrapproductions.com>; Mark Wenig <mark.wenig@gmail.com>; Mike Gumbert <anthjen@yahoo.com>; Marv Pat Miller <patsmiller21@gmail.com>; Robert Hahn <hahnaz2@cox.net>; Terry Lee <terryleeaz@comcast.net>; Thomas Smith <tpsmith99@me.com>; Steve Bunger <steve@bunger.me>; William K. Alber <wka@caribbeanpoolsaz.com>; Bill & Judy Hughes <jbhok@yahoo.com>; Wayne Ledet <uaflor767@gmail.com>; Brian Dawn Imdieke <bji@cox.net>; Dave DuBay <davedubay@gmail.com>; Don Sterling <don-cindy@cableone.net>; James McCoy <jamccoy32@gmail.com>; Mike Annette Scroggin <mscroggin@me.com>; Paul A. Kent <paul\_a\_kent@yahoo.com>; Russ Kim Griswold <rgriswold3@stny.rr.com>; Stan Schloz <smschloz@msn.com>; Kay McDowell <kayell121@cs.com>; Larry Minchuck <larryminchuck@hotmail.com>; Nihad Hafiz <nihad@yahoo.com>; Ralph Hey <hey.ralph01@gmail.com>; Van Butler <butlerv@yahoo.com>; Vince Muscat <vince.muscat@cox.net>; Tony Smith <aztonysmith@aol.com>; Averill Cate Jr <acatejr@gmail.com>; Bill Swirtz <wjswirtz@me.com>; Craig Brown <trovita@gmail.com>; Doris Nicholson-Howze <dhowze@cox.net>; Jim McArdle <jimm@abdc-az.com>; Les Jones <ljones@dakotacom.net>; Michael Zones <czej528@hotmail.com>; Warren Bush <wbush1120@comcast.net>  
**Sent:** Monday, July 28, 2014 10:28 AM  
**Subject:** This months payment

Bank of America is at it again! I set up your payments last weekend. Today is the day that they are supposed to go out of my acct so they hit your acct on Thursday. They didn't leave my acct this morning. i've spent the last 2 1/2 hours talking to many people

on why they didn't go out. No one can tell me. The payments are all sitting there everyone can see them "scheduled" but they didn't go. Their final suggestion was to re-enter them all, and they should go out. Though they couldn't tell me for sure when they would hit your account, and there is a good chance they will double pay. Because now with the status they are in the cxl button is gone and they can't cancel them either.

What you may see in your acct :

1. a payment as normal on thursday
2. no payment on thursday
3. a payment on thursday and friday
4. a payment on friday.

No one at BofA (yes i ran it up tall flagpole) can tell me which of these are going to happen. if they double pay, they will reverse it and return the funds to me with in 48 hours. I apologize for the nonsense, but i've done everything i could to make this happen as normal.

thx for the understanding.  
dc

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 8/12/2014 1:28 00 AM  
**Subject:** Re. Valuation

what you might be under water on 14, you'll make up for on 18.  
don't do loans on busy streets, hard sell, not marketable  
properties.  
dc

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**From:** Steve Bunger <steve@bunger.me>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, August 11, 2014 6:19 PM  
**Subject:** Valuation

Hi Denny,

I have two loans for two houses. The addresses are 1718 and 1714 E Indian School Road, Phoenix, AZ 85015. What do you think the value of those houses are if they have been fixed up? My loan amounts are \$136,000 and \$125,000 respectively. Hopefully I am not underwater.

Any help or advice would be appreciated.

Thanks,  
Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 1/14/2015 11:52:11 PM  
Subject: Re: Moving Money

ok no problem. which main acct do you want it?  
desert classic or the trust?  
as far as when you want it back, just let me know  
when you know so that i can forecast cash flow  
plz  
thx  
dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, January 14, 2015 4:26 PM  
Subject: Moving Money

Hi Denny,

Can you please move the kid's money they have invested with you to my main account. I am going to transfer \$1,650,000 to their Schwab account.

As the year goes along, I will be taking money out of the account and investing it into my new business. I am guessing I will pull out about \$2M this year. I probably won't need any money until April or May. Once I start pull money out I will need about \$200k to \$300k per month. I can give you a better forecast in a couple of months. Would you prefer to give me the money or just move it to my kid's hard money accounts?

I wanted to make sure that the \$1,650,000 get moved so I can get the interest for this month.

Let me know what you think.

Thanks,  
Steve







From: Denny <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 1/26/2015 3:40:19 AM  
Subject: Re: statements

Steve, this is really too much. I just finished end of month, made all the adjustments and now u want me to undo it! I have made sure the right entities have received all the interest back dating and changing it, uncle!

Sent from my iPad

On Jan 25, 2015, at 8:30 PM, Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)> wrote:

Hi Denny,

I will say that I don't understand but I am sure you will be able to explain. The main thing I am worried about is to make sure the right entity gets the interest and the same interest is reported to the IRS.

I have been working on my cash planning for the new business and need to make an adjustment to the amounts. I am so sorry for the inconvenience.

I now would like to leave \$100,000 in each of the kid's accounts with you.

Let me know when you have the paperwork re-completed and I'll come by and sign it and tell you about our trip which was awesome.

Thanks,  
Steve

On Jan 24, 2015, at 2:30 PM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

i'm doing end of month today. with the movement of money back and forth between your accts and kids at different dollar amounts going out and coming, it's a bit of challenge to figure out which investments were what number. what i'm going to do is just move the 550k in each kid back to desert classic acct, with a date of 5/1/14 which is what i had on the kids investments and just make them 4,5,6 on your account. so as you take money out i'll just start at 6 and move back

wards. this may not make sense to you, but it makes sense to me based on what you've done.

○ so i've got paperwork for you to sign, plus i want to hear about your trip.

thx

dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 5/1/2015 4:38:25 PM  
Subject: Re: Funds

you need 200k now?  
let me know your schedule of needs.  
thx  
dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Friday, May 1, 2015 9:20 AM  
Subject: Funds

Hi Denny,

I am going to start needing some funds out of the account. Not sure on the timing but working on it.  
Do you possibly have \$200,000 you could send to me? If not, when could you have the funds?

Thanks,  
Steve



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Steve Bunger  
**Sent:** 5/1/2015 6:19:44 PM  
**Subject:** Fw: FirstBank Alert

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----- Forwarded Message -----

**From:** FirstBank <FirstBank@eFirstBank.com>  
**To:** dcmoney@yahoo.com  
**Sent:** Friday, May 1, 2015 11:11 AM  
**Subject:** FirstBank Alert

A wire transfer in the amount of \$200,000.00 has been sent by DENSCO INVESTMENT CORP

If you have questions or need assistance, please call (303) 235-1378 between 7:00 a.m. and 6:00 p.m. (MST) Monday through Friday.

FirstBank Internet Cash Management Department

[www.efirstbank.com](http://www.efirstbank.com)

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Scott Menaged  
Sent: 5/17/2015 6:55:15 PM  
Subject: Re: Funds

true! i just hope they coincide well enough to  
make them happy

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From: Scott Menaged <smena98754@aol.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Sunday, May 17, 2015 11:40 AM  
Subject: Re: Funds

Good thing we have all the retail closings! It came at the right time

Sent from my iPhone

On May 17, 2015, at 11:34 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

it just doen'st stop with these requests!

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----- Forwarded Message -----

From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Saturday, May 16, 2015 2:43 PM  
Subject: Funds

Hi Denny,

Working on my cash flow and this is what I think my needs for cash from our account:

May - \$400K  
June - \$500k  
July - \$500k

I am funding the cash needs from my home line of credit in May right now so not a huge rush but would like to get it paid down by the end of the month.

You can return the funds in future months at the beginning of the month or weekly during the month.

It is hard for me to figure out the cash needs because it depends on how fast I receive containers I ordered a while back that are being made in China.

The other wild card I have that will lesson the cash needs is I am thinking about bring on an equity investor for our Oklahoma City business. I have one of our container vendor's interested in making a \$500k investment. I also have three homes that are up for sell from our other hard money loans where I own a portion of those loans.

Will this be ok for you?

Thanks,  
Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 5/28/2015 7:55:15 PM  
Subject: Re: Cash Planning

Yes, i'm hoping to wire you some tomorrow if not on monday.

thx  
dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, May 28, 2015 12:14 PM  
Subject: Cash Planning

Hey Denny,

I am just checking on if you could free up some money anytime soon. I have a \$500k loc that I have used up \$250k so it is not immediately pressing but I want to try and stay ahead of my cash needs.

Thanks,  
Steve




From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 6/3/2015 3:24:19 PM  
Subject: 100k

i just wired another 100k  
thx  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 6/12/2015 3:40.43 PM  
Subject: 100k

i wired another 100k today  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 6/26/2015 3:01:56 PM  
Subject: 100k

i wired 100k this morning  
dc

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602-532-7737 f



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 7/21/2015 3:11:50 PM  
Subject: wire

i wired 300k, according to my math this is all the money that you requested back in may.

thx

dc

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602-532-7737 f



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 9/15/2015 4:44.49 PM  
Subject: Re: Cash

honestly it won't be until Oct. i've got a stack of deals on my desk i have comitted to fund and i've got two other investors that are requesting a lot of cash out which is tasking me to manage between returning money to them and funding my deals. is that alright?

dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, September 15, 2015 9:38 AM  
Subject: Cash

Hi Denny,

I need to get another \$300k from our main account. Please let me know when you can get it to me in a way that does not cause you any trouble.

Thanks,  
Steve



From: Dcmoney <dcmoney@yahoo.com>  
To: SMena98754@aol.com  
Sent: 9/15/2015 5:56:32 PM  
Subject: Re: Cash

I told him October. He told me first week of October. I just had two of the deals that were supposed to close today get extensions. Shit. What about ur two properties 109th?

On Sep 15, 2015, at 10:13 AM, [SMena98754@aol.com](mailto:SMena98754@aol.com) wrote:

I guess it could be worse! He could have said I need the money back tomorrow!

In a message dated 9/15/2015 9:58:55 A.M. US Mountain Standard Time, [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com) writes:

while i'm driving i'll try to figure out how i'm going to manage this.

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602-532-7737 f

----- Forwarded Message -----

From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Tuesday, September 15, 2015 9:38 AM  
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Thanks,  
Steve





6  
From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 10/2/2015 4:30 32 PM  
Subject: Re: Cash

i'll be sending 100k today  
dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Dcmoney <dcmoney@yahoo.com>  
Sent: Friday, October 2, 2015 9:23 AM  
Subject: Re: Cash

6  
Hi Denny,

I wanted to get the status on when you will be able to get me the \$300,000. I will also need another \$500k the following month or as soon as you can get it to me.

Thanks,  
Steve

From: Denny Chittick <dcmoney@yahoo.com>  
Date: Tuesday, September 15, 2015 at 10:54 AM  
To: Steve Bunger <sbunger@proboxstorage.com>  
Subject: Re: Cash

Ok I will be in touch

On Sep 15, 2015, at 10:04 AM, Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)> wrote:

Beginning of October would work. I just took out \$200k from my home equity line of credit and only have \$100k available after that. Will that work for you.

6  
Thanks,  
Steve

On Sep 15, 2015, at 9:47 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

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From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Tuesday, September 15, 2015 9:38 AM  
Subject: Cash

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Thanks,  
Steve



**From:** Denny Chittick <dcmoney@yahoo.com>  
**To:** Yomtov Scott Menaged  
**Sent:** 10/2/2015 4:30:44 PM  
**Subject:** Fw: Cash

i just love this!

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----- Forwarded Message -----

**From:** Steve Bunger <sbunger@proboxstorage.com>  
**To:** Dcmoney <dcmoney@yahoo.com>  
**Sent:** Friday, October 2, 2015 9:23 AM  
**Subject:** Re: Cash

Hi Denny,

I wanted to get the status on when you will be able to get me the \$300,000. I will also need another \$500k the following month or as soon as you can get it to me.

Thanks,  
Steve

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Date:** Tuesday, September 15, 2015 at 10:54 AM  
**To:** Steve Bunger <sbunger@proboxstorage.com>  
**Subject:** Re: Cash

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dc

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○ From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Tuesday, September 15, 2015 9:38 AM  
Subject: Cash

Hi Denny,

I need to get another \$300k from our main account. Please let me know when you can get it to me in a way that does not cause you any trouble.

Thanks,  
Steve

○



From: Denny Chittick <dcmoney@yahoo.com>  
To: SMena98754@aol.com  
Sent: 10/2/2015 5:08:18 PM  
Subject: Re Fw: Cash

ya, i don't have luck like that.

are you able to raise any money to take some of  
hte wholesale off the table?

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From: "SMena98754@aol.com" <SMena98754@aol.com>  
To: dcmoney@yahoo.com  
Sent: Friday, October 2, 2015 10:06 AM  
Subject: Re: Fw: Cash

You will Prob open the mail one day and out of the blue will be 700k!

In a message dated 10/2/2015 9 59:37 A.M. US Mountain Standard Time, dcmoney@yahoo.com  
writes:

yes, i've spoken to probably 6 or 7. all of them  
said they wanted to and would. but i've not seen  
any money yet. i talked to another one yesterday,  
he said he would by the end of the year.

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From: "SMena98754@aol.com" <SMena98754@aol.com>  
To: dcmoney@yahoo.com  
Sent: Friday, October 2, 2015 9:54 AM  
Subject: Re: Fw: Cash

Now the Next Request is November!

Did you inquire about the investors that wanted to re invest? Have you seen anything ?

In a message dated 10/2/2015 9:50:35 A.M. US Mountain Standard Time, dcmoney@yahoo.com writes.

his frist 300k requesthe wanted last month, i told him it wouldn't be until oct. i just wired him 100k this morning.

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From: "SMena98754@aol.com" <SMena98754@aol.com>  
To: dcmoney@yahoo.com  
Sent: Friday, October 2, 2015 9:46 AM  
Subject: Re: Fw: Cash

I would just tell him a month! I dont think you are required to return another 500k in a couple weeks!

In a message dated 10/2/2015 9:45:57 A.M. US Mountain Standard Time, dcmoney@yahoo.com writes:

i just get my nose above water and a pallet of bricks land on me



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From: "SMena98754@aol.com" <SMena98754@aol.com>  
To: dcmoney@yahoo.com  
Sent: Friday, October 2, 2015 9:34 AM  
Subject: Re: Fw: Cash

Let the Fun Begin on Friday!

In a message dated 10/2/2015 9:33:35 A.M. US Mountain Standard Time, dcmoney@yahoo.com writes:

**i just love this!**

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— Forwarded Message —

From: Steve Bunger <sbunger@proboxstorage.com>  
To: Dcmoney <dcmoney@yahoo.com>  
Sent: Friday, October 2, 2015 9:23 AM  
Subject: Re: Cash

Hi Denny,

I wanted to get the status on when you will be able to get me the \$300,000. I will also need another \$500k the following month or as soon as you can get it to me.

Thanks,  
Steve

From: Denny Chittick <dcmoney@yahoo.com>  
Date: Tuesday, September 15, 2015 at 10:54 AM  
To: Steve Bunger <sbunger@proboxstorage.com>  
Subject: Re: Cash



Ok I will be in touch

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is that alright?

dc

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Sent: Tuesday, September 15, 2015 9:38 AM  
Subject: Cash

Hi Denny,

I need to get another \$300k from our main account. Please let me know when you can get it to me in a way that does not cause you any trouble.

Thanks,  
Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 10/7/2015 7:48:09 PM  
Subject: 200k

i just wired it, i had some money come in early.

you had requested 500k more, when do you want that to come to you?

dc

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602-532-7737 f



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 12/1/2015 5:17:45 PM  
Subject: 100k

i wired 100k  
dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: steve@bunger.me  
Sent: 12/31/2015 7:14:01 AM  
Subject: December Statements  
Attachments: Statement\_5.pdf, Statement\_6.pdf

Attached is your statement.

It's end of year and I have updated the newsletter

<http://denscoinvestment.com/newsletter.html>

I also have a sample of the properties

<http://denscoinvestment.com/properties.html>

I hope everyone has a great new year!

Thx

dc

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From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 2/25/2016 8:36:42 PM  
Subject: Re: Investments

ok we can do it tomrorrow.  
we need to redo the docs. you've had so many  
ins/outs, change of entities etc with me, that the  
docs don't match the investments. i'll spend some  
time on it and get with you next week to get  
everything up to date.

i figure you'll wire it.

Account #550-555-5264

ABA #107-005-047 - First Bank

DenSco Investment Corp

thx

dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, February 25, 2016 1:32 PM  
Subject: Re: Investments

I could have it for tomorrow if necessary if I know today.

From: Denny Chittick <dcmoney@yahoo.com>

Reply-To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>

Date: Thursday, February 25, 2016 at 1:28 PM

To: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>

Subject: Re: Investments

great! congrats! i bet that is a big relief!

yes i can, when do you think it would be available?

dc

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602-532-7737 f

From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>

To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>

Sent: Thursday, February 25, 2016 1:27 PM

Subject: Investments

Hi Denny,

We have finally completed our financing for the company and have some money to invest.

Could you use \$400,000 anytime soon?

Thanks,

Steve



From: Denny Chittick <dcmoney@yahoo.com>  
To: Steve Bunger  
Sent: 3/1/2016 4:07 21 PM  
Subject: Re: New Investors

I don't do commercial. it's such a different monster. it's much more il-liquid and not easily rent-able. i get a house back, i can sell it in a hour and rent it in a week.

that's my humble opinion, but i don't have much experience in it, so i can't speak to the positives or upsides.

LTV is key in any real estate lending, no matter what the asset is.

dc

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From: Steve Bunger <sbunger@proboxstorage.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Tuesday, March 1, 2016 9:04 AM  
Subject: Re: New Investors

Wouldn't you say they are more risky since they are lending to both residential and commercial projects with no credit checks. Commercial loans are far less liquid if the deal goes bad and hard to recapture invested capital.

Your thoughts

Thanks,  
Steve

On Mar 1, 2016, at 8:52 AM, Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

I've not heard of them, there are a lot out there!

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602-532-7737 f

From: Steve Bunger <[sbunger@proboxstorage.com](mailto:sbunger@proboxstorage.com)>  
To: Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
Sent: Tuesday, March 1, 2016 8:45 AM  
Subject: Fwd: New Investors

Hi Denny,

My friend is thinking of doing hard money lending with a company called Loan Ranger Capital. Do you know anything about them and/or have any advice I can give her?

Thanks,  
Steve

Begin forwarded message:

From: Deborah Keeley <[dkeeley@ceaStudyAbroad.com](mailto:dkeeley@ceaStudyAbroad.com)>  
Date: February 29, 2016 at 1:54:01 PM MST  
To: Steve Bunger <[steve@bunger.me](mailto:steve@bunger.me)>  
Subject: New Investors

Hi Steve, if you could have your guy take a look at this opportunity to invest in Hard Money loans with Loan Ranger Capital, that would be great.

Thanks,  
Deborah

From: Zack Lofton [<mailto:zack@loanrangercapital.com>]  
Sent: Sunday, February 28, 2016 8:58 AM  
To: Deborah Keeley <[dkeeley@ceaStudyAbroad.com](mailto:dkeeley@ceaStudyAbroad.com)>  
Subject: RE: New Investors

Hi,

I hope you're having a great weekend. I've attached our new member documentation which can be used for either account including the following:

- Signature Page – This acknowledges that you have received the PPM, Servicing Agreement, and Operating Agreement
- Private Placement Memorandum
- Servicing Agreement – This highlights some general guideline for the investment and defines the relationship between you as an investor and myself as an operator As an investor you own a pro rata

share in "Loan Ranger Capital *Investments*, LLC" which owns and holds the loans. I own 100% of "Loan Ranger Capital, LLC" which originates, underwrites, and services all of the loans on the investors' behalf. No signature is needed on this.

- W-9
- Operating Agreement
- Rollover Letter – You have the choice to be paid your return monthly (either via ACH or a mailed physical check) or to have you returns rolled-over (or compounded monthly). If you choose to roll over your returns please fill this form out. If you elect to have your returns paid monthly, ignore the form and please give me your account information for an ACH or let me know if you'd like it mailed instead.

Thank you and let me know if you have any questions. I have an opening for new investor early this week so I can get both accounts started if we get the paperwork back soon. I'll send you over wiring instructions once I receive electronic signed copies.