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8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR MARICOPA COUNTY

11	ARIZONA CORPORATION	)	Cause No. CV2016-014142
12	COMMISSION,	)	
13		)	
14	Plaintiff,	)	PETITION NO. 42
15		)	
16	v.	)	PETITION TO APPROVE
17	DENSCO INVESTMENT	)	SETTLEMENT AGREEMENTS
18	CORPORATION, an Arizona	)	BETWEEN THE RECEIVER AND
19	corporation,	)	DONALD KIMBLE, CHRISTOPHER
20		)	HARVEY, KAREN QUGLEY AND
21	Defendant.	)	NISHEL BADIANI
		)	(Assigned to the Honorable Teresa
		)	Sanders)
		)	
		)	

22 Peter S. Davis, as the court appointed Receiver (“Receiver”), respectfully petitions the  
23 Court for an Order approving settlement agreements that the Receiver has reached with four  
24 former DenSco investors as follows:

- 25 1. On August 18, 2016, the Receiver was appointed by the Maricopa County  
26 Superior Court over DenSco Investment Corporation (“DenSco”) pursuant to the Court’s  
27 *Order Appointing Receiver* (“Receivership Order”).

1           2.       The Receivership Order empowers the Receiver to investigate, and if necessary,  
2 litigate claims of DenSco resulting from the Receiver’s investigation into the financial  
3 activity of DenSco.

4           3.       During the Receiver’s review of the historical financial activity of DenSco, the  
5 Receiver determined that as of December 31, 2012, DenSco was insolvent. More specifically,  
6 at the end of 2012, the Receiver has determined that DenSco did not have sufficient financial  
7 resources to pay DenSco’s obligations to its investors. However, despite being insolvent,  
8 DenSco knowingly continued to raise new money from new investors which was utilized to  
9 pay DenSco’s obligations to its existing investors. With a clear pattern of DenSco raising and  
10 utilizing new investor money to pay older DenSco investors, the Receiver determined that  
11 after December 31, 2012, DenSco operated as a Ponzi investment scheme.

12           4.       A court appointed receiver, under the provisions of the Uniform Fraudulent  
13 Transfer Act [A.R.S. §44-1001 *et. seq.*] and other legal theories, can seek to recover funds  
14 representing an investor’s fictitious “profit” from a Ponzi scheme. The Receiver contends  
15 that well established case law allows a receiver to recover all funds received by an investor in  
16 a Ponzi scheme which represents a recovery of any funds in excess of that investor’s principal  
17 investment, as the “profit” received by these fortunate investors represents a fictitious profit  
18 from the Ponzi scheme. In fact, the funds that are the “profit” are essentially the principal  
19 investment of other unfortunate investors in the Ponzi scheme.

20           5.       The Receiver has conducted an analysis of all DenSco investors who were  
21 fortunate to have recovered their entire principal investment from DenSco after December

1 2012 and before DenSco’s collapse in 2016. Four of the individuals who received a return of  
2 both their entire principal investment and a fictitious profit are Donald Kimble (“Kimble”),  
3 Christopher Harvey (“Harvey”), Karen Quigley (“Quigley”) and Nishel Badiani (“Badiani”).

4 **I. SETTLEMENT BETWEEN THE RECEIVER AND KIMBLE**

5 6. The Receiver has determined that before DenSco was insolvent at the end of  
6 2012, Kimble invested a total of \$87,332.25 with DenSco. On April 30, 2013, a time after  
7 DenSco was operating as a Ponzi scheme, Kimble withdrew his entire investment from  
8 DenSco and was paid \$90,877.25 by DenSco. Accordingly, the Receiver has determined that  
9 Kimble received a fictional profit of \$3,546.00 from his investment with DenSco.

10 7. Kimble had no involvement in the operations of DenSco or had any knowledge  
11 that DenSco, at the time which he received the return of his investment into DenSco, was  
12 insolvent. The Receiver believes that Kimble was an investor who was simply repaid his  
13 initial principal investment with “interest” from DenSco.

14 8. Kimble has entered into a written Settlement Agreement with the Receiver to  
15 resolve the Receiver’s claims against Kimble relating to his investment into DenSco. A copy  
16 of the Settlement Agreement is attached as Exhibit “A”. Pursuant to the terms of the  
17 Settlement Agreement, within ten (10) days from the approval of the Settlement Agreement,  
18 Kimble shall pay the Receiver a total of \$2,836.80 representing 80% of the \$3,546.00 which  
19 Kimble received as a “profit” from the DenSco Ponzi Scheme.

1                                   **II.     SETTLEMENT BETWEEN THE RECEIVER AND HARVEY**

2           9.     The Receiver has determined that before DenSco became insolvent at the end of  
3 2012, Harvey invested \$90,940.47 with DenSco. On September 3, 2013, Harvey withdrew  
4 his investment from DenSco and was paid \$98,475.49 by DenSco. The Receiver has  
5 determined that Harvey received a fictional profit of \$7,535.02 from his investment with  
6 DenSco.

7           10.    Harvey had no involvement in the operations of DenSco or had any knowledge  
8 that DenSco, at the time which he received the return of his investment into DenSco, was  
9 insolvent. The Receiver believes that Harvey was an investor who was simply repaid his  
10 initial principal investment with “interest” from DenSco.

11           11.    Harvey has entered into a written Settlement Agreement with the Receiver to  
12 resolve the Receiver’s claims against Harvey relating to his investment into DenSco. A copy  
13 of the Settlement Agreement is attached as Exhibit “B”. Pursuant to the terms of the  
14 settlement agreement, Harvey shall pay the Receiver a total of \$6,028.01 representing 80% of  
15 the \$7,532.02 which Harvey received as a “profit” from the DenSco Ponzi Scheme. Harvey  
16 has agreed to pay the Receiver the \$6,028.01 by making periodic payments with the final  
17 payment due on or before January 5, 2018.

18                                   **III.     SETTLEMENT BETWEEN THE RECEIVER AND QUIGLEY**

19           12.    The Receiver has determined that before DenSco became insolvent at the end of  
20 2012, Quigley invested \$104,539.96 with DenSco. On January 1, 2014, Quigley withdrew  
21 her investment from DenSco and was paid a total of \$117,930.26 by DenSco including

1 interest payments disbursed after the date of insolvency. The Receiver has determined that  
2 Quigley received a fictional profit of \$13,390.30 from her investment with DenSco.

3 13. Quigley had no involvement in the operations of DenSco or had any knowledge  
4 that DenSco, at the time which she received the return of her investment into DenSco, was  
5 insolvent. The Receiver believes that Quigley was an investor who was simply repaid her  
6 initial principal investment with “interest” from DenSco.

7 14. Quigley has entered into a written Settlement Agreement with the Receiver to  
8 resolve the Receiver’s claims against Quigley relating to her investment into DenSco. A  
9 copy of the Settlement Agreement is attached as Exhibit “C”. Pursuant to the terms of the  
10 Settlement Agreement, within ten (10) days from the approval of the Settlement Agreement,  
11 Quigley shall pay the Receiver a total of \$10,712.40 representing 80% of the \$13,390.30  
12 which Quigley received as a “profit” from the DenSco Ponzi Scheme.

13 **IV. SETTLEMENT BETWEEN THE RECEIVER AND BADIANI**

14 15. The Receiver has determined that after DenSco became insolvent at the end of  
15 2012, Badiani invested \$775,000 with DenSco. On November 24, 2015, Badiani withdrew  
16 his investment from DenSco and was paid a total of \$811,356.82 by DenSco including  
17 interest payments disbursed after the date of insolvency. The Receiver has determined that  
18 Badiani received a fictional profit of \$36,356.82 from his investment with DenSco.

19 16. Badiani had no involvement in the operations of DenSco or had any knowledge  
20 that DenSco, at the time which he received the return of his investment into DenSco, was  
21

1 insolvent. The Receiver believes that Badiani was an investor who was simply repaid his  
2 initial principal investment with “interest” from DenSco.

3 17. Badiani has entered into a written Settlement Agreement with the Receiver to  
4 resolve the Receiver’s claims against Badiani relating to his investment into DenSco. A copy  
5 of the Settlement Agreement is attached as Exhibit “D”. Pursuant to the terms of the  
6 Settlement Agreement, within twenty (20) days from the approval of the Settlement  
7 Agreement, Badiani shall pay the Receiver a total of \$29,356.82 representing approximately  
8 80% of the \$36,356.82 which Badiani received as a “profit” from the DenSco Ponzi Scheme.

9 **V. RECEIVER RECOMMENDS THE COURT APPROVE THE SETTLEMENTS**

10 18. The Receiver recommends that the Court approve the settlements with Kimble  
11 Harvey, Quigley and Badiani. The Receiver is confident that if it were necessary to litigate  
12 fraudulent transfer claims against Kimble, Harvey, Quigley and Badiani, the Receiver would  
13 prevail, however, the Receiver is aware that to prevail in this type of litigation would require  
14 the Receiver to incur significant legal fees, as the issues would likely need to be resolved by  
15 motions for summary judgment. This litigation would cause the Receivership Estate to  
16 expend its financial resources and even if the Receiver were successful in obtaining  
17 judgments against Kimble, Harvey, Quigley and Badiani, it is expected that collection efforts  
18 would cost the Receivership Estate additional financial resources. Accordingly, the Receiver  
19 believes that it is in the best interest of the Receivership Estate and the investors of DenSco to  
20 resolve the claims against Kimble, Harvey, Quigley and Badiani and recover a total of

1 \$48,934.03 for the DenSco Receivership Estate without incurring legal and other professional  
2 fees to do so.

3 WHEREFORE and based on the foregoing, the Receiver respectfully requests an  
4 Order approving the settlements between the Receiver and Kimble, Harvey, Quigley and  
5 Badiani.

6 Respectfully submitted this 16th day of November, 2017.

7 GUTTILLA MURPHY ANDERSON, P.C.

8 /s/ Ryan W. Anderson  
9 Ryan W. Anderson  
10 Attorneys for the Receiver

11 2359-001(306060)

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## SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between Peter S. Davis, as Receiver of DenSco Investment Corporation in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receiver") and Donald W. Kimble and Donald Kimble IRA (collectively "Kimble"). The parties hereto are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

Whereas on August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 as the Receiver of DenSco Investment Corporation (hereinafter "DenSco"), an Arizona corporation (herein after the ("Receivership Action");

Whereas the Receiver has determined from a comprehensive review of the books and records of DenSco that on December 31, 2012, DenSco was insolvent. The Receiver has determined that at the end of 2012, DenSco did not have sufficient financial resources to pay DenSco's obligations to its current investors. However, despite being insolvent, DenSco continued to raise new money and utilized these new investor funds to pay DenSco's obligations to its current investors. Accordingly, the Receiver has determined that after December 31, 2012 DenSco operated as Ponzi investment scheme. ("DenSco Ponzi Scheme");

Whereas the Receiver has asserted that Kimble was an investor in DenSco who on December 31, 2012 had an unsecured investment in DenSco in the principal amount of \$87,331.25;

Whereas on or about April 30, 2013, DenSco repaid Kimble his entire principal investment of \$87,331.25 and paid Kimble an additional \$3,546.00 representing an alleged "profit" or accrued "interest" from Kimble's investment in DenSco;

Whereas other investors in the DenSco Ponzi Scheme were not as fortunate as Kimble, as the Receiver has determined that as of the date of the establishment of the Receivership, other DenSco investors were collectively owed \$31,446,001.79.

Whereas Kimble had no involvement in the operations of DenSco, had no knowledge of the DenSco Ponzi Scheme and was nothing more than a passive DenSco investor who was repaid his entire principal investment and interest payments by DenSco; and

Whereas without admitting the truth or validity of any claim or defense, the Parties desire to settle all claims that the Receiver may be entitled to assert in connection with the DenSco Ponzi Scheme.

### TERMS

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Within ten (10) calendar days after the approval of this Agreement by the Court as set forth in paragraph 2 below, Kimble shall pay to the Receiver the total sum of \$2,836.80 representing 80% of the \$3,546.00 which Kimble received as an alleged “profit” or “interest” from the operations of the DenSco Ponzi Scheme. The payment to the Receiver shall be in the form of a personal check or money order made payable to “Peter S. Davis, Receiver” to be delivered to counsel for the Receiver i.e., Ryan W. Anderson, c/o Guttilla Murphy Anderson, PC located at 5415 E. High Street, Suite 200, Phoenix, AZ 85054.

2. Within fifteen (15) calendar days of execution of this Agreement by Kimble and delivery of the executed Agreement to counsel for the Receiver, the Receiver shall file a petition in the Receivership Action seeking the approval of this Agreement and the provisions contained therein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved.

3. The Receiver hereby, on DenSco’s behalf, and on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Kimble and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

4. Kimble hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

5. The parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The Parties further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party’s own choice regarding the benefits and detriments of entering into this Agreement.

6. This Agreement contains the full and complete agreement of the Parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

7. This Agreement may not be amended or modified except in writing, signed by the party to be bound thereby, or if signed by the respective parties’ attorneys of record, which writing has been approved by the Court in the Receivership Action.

8. The parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of

action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

9. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

10. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Receivership Action.

11. The person signing this Agreement on behalf of any party to this Agreement, hereby warrants and represents that the person is authorized to sign this Agreement and make the promises and grant the releases contained herein on behalf of the respective entity and that such person has the power to bind the respective entity.

12. This Agreement may be executed in counterparts by one or more of the undersigned, and all such counterparts so executed shall together be deemed to constitute one final Agreement, as if one document had been signed by all parties hereto. Each such counterpart shall be deemed to be an original, binding the parties subscribed thereto, and multiple signature pages affixed to a single copy of the Agreement shall be deemed to be a fully executed original Agreement.

13. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

14. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

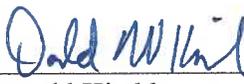
PETER S. DAVIS, as Receiver

Dated: 10/18/17

  
Peter S. Davis, as Receiver in CV2016-014142

DONALD W. KIMBLE, as an individual and on behalf of Donald Kimble IRA

Dated: 10/18/17

  
Donald Kimble  
3080 E. San Pedro Court  
Gilbert, AZ 85234

## SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between Peter S. Davis, as Receiver of DenSco Investment Corporation in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receiver") and Christopher Harvey ("Harvey") The parties hereto are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

Whereas on August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 as the Receiver of DenSco Investment Corporation (hereinafter "DenSco"), an Arizona corporation (herein after the ("Receivership Action");

Whereas the Receiver has determined from a comprehensive review of the books and records of DenSco that on December 31, 2012, DenSco was insolvent. The Receiver has determined that at the end of 2012, DenSco did not have sufficient financial resources to pay DenSco's obligations to its current investors. However, despite being insolvent, DenSco continued to raise new money and utilized these new investor funds to pay DenSco's obligations to its current investors. Accordingly, the Receiver has determined that after December 31, 2012, DenSco operated as Ponzi investment scheme. ("DenSco Ponzi Scheme");

Whereas the Receiver has asserted that Harvey was an investor in DenSco who on December 31, 2012, had an unsecured investment in DenSco in the principal amount of \$90,940.47;

Whereas on or about September 3, 2013, DenSco repaid Harvey his entire principal investment of \$90,940.47 and paid Harvey an additional \$7,535.02 representing an alleged "profit" or accrued "interest" from Harvey's investment in DenSco;

Whereas other investors in the DenSco Ponzi Scheme were not as fortunate as Harvey, as the Receiver has determined that as of the date of the establishment of the Receivership, other DenSco investors were collectively owed \$31,446,001.79.

Whereas Harvey had no involvement in the operations of DenSco, had no knowledge of the DenSco Ponzi Scheme and was nothing more than a passive DenSco investor who was repaid his entire principal investment and interest payments by DenSco; and

Whereas without admitting the truth or validity of any claim or defense, the Parties desire to settle all claims that the Receiver may be entitled to assert in connection with the DenSco Ponzi Scheme.

### TERMS

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Harvey shall pay to the Receiver the total sum of \$6,028.01 representing 80% of the \$7,535.02 which Harvey received as an alleged "profit" or "interest" from the operations of the DenSco Ponzi Scheme as follows:

Within five days from the approval of this Settlement Agreement as set for below, Harvey shall pay \$2,000.00 to the Receiver. Harvey shall pay the remaining \$4,028.01 by making one payment of \$2,000.00 to the Receiver on December 5, 2017 and a final payment of \$2,028.01 on January 5, 2018. The settlement payments to the Receiver shall be made in the form of a personal check or money order made payable to "Peter S. Davis, Receiver of DenSco" and delivered to counsel for the Receiver.

2. Upon execution of this Agreement, the Receiver shall file a petition in the Receivership Action seeking the approval of this Agreement and the provisions contained therein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved.

3. The Receiver hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Harvey and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

4. Harvey hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

5. The parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The Parties further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party's own choice regarding the benefits and detriments of entering into this Agreement.

6. This Agreement contains the full and complete agreement of the Parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

7. This Agreement may not be amended or modified except in writing, signed by the party to be bound thereby, or if signed by the respective parties' attorneys of record, which writing has been approved by the Court in the Receivership Action.

8. The parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

9. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

10. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Receivership Action.

11. The person signing this Agreement on behalf of any party to this Agreement, hereby warrants and represents that the person is authorized to sign this Agreement and make the promises and grant the releases contained herein on behalf of the respective entity and that such person has the power to bind the respective entity.

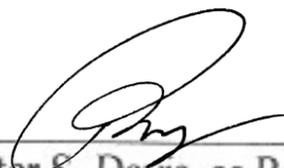
12. This Agreement may be executed in counterparts by one or more of the undersigned, and all such counterparts so executed shall together be deemed to constitute one final Agreement, as if one document had been signed by all parties hereto. Each such counterpart shall be deemed to be an original, binding the parties subscribed thereto, and multiple signature pages affixed to a single copy of the Agreement shall be deemed to be a fully executed original Agreement.

13. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

14. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

PETER S. DAVIS, as Receiver

Dated: 10/17/17

  
\_\_\_\_\_  
Peter S. Davis, as Receiver in CV2016-014142

CHRISTOPHER HARVEY

Dated: 10-16-17

  
\_\_\_\_\_  
Christopher Harvey

## SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between Peter S. Davis, as Receiver of DenSco Investment Corporation in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receiver") and Karen Quigley ("Quigley") The parties hereto are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

Whereas on August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 as the Receiver of DenSco Investment Corporation (hereinafter "DenSco"), an Arizona corporation (herein after the ("Receivership Action");

Whereas the Receiver has determined from a comprehensive review of the books and records of DenSco that on December 31, 2012, DenSco was insolvent. The Receiver has determined that at the end of 2012, DenSco did not have sufficient financial resources to pay DenSco's obligations to its current investors. However, despite being insolvent, DenSco continued to raise new money and utilized these new investor funds to pay DenSco's obligations to its current investors. Accordingly, the Receiver has determined that after December 31, 2012 DenSco operated as Ponzi investment scheme. ("DenSco Ponzi Scheme");

Whereas the Receiver has asserted that Quigley was an investor in DenSco who on December 31, 2012 had an unsecured investment in DenSco in the principal amount of \$104,539.96;

Whereas on or about January 1, 2014, DenSco repaid Quigley her entire principal investment of \$104,539.96 and had paid Quigley an additional \$13,390.30 in monthly dividends in 2012 and 2013 representing an alleged "profit" or accrued "interest" from Quigley's investment in DenSco;

Whereas other investors in the DenSco Ponzi Scheme were not as fortunate as Quigley, as the Receiver has determined that as of the date of the establishment of the Receivership, other DenSco investors were collectively owed \$31,446,001.79.

Whereas Quigley had no involvement in the operations of DenSco, had no knowledge of the DenSco Ponzi Scheme and was nothing more than a passive DenSco investor who was repaid her entire principal investment and interest payments by DenSco; and

Whereas without admitting the truth or validity of any claim or defense, the Parties desire to settle all claims that the Receiver may be entitled to assert against Quigley in connection with the DenSco Ponzi Scheme.

### TERMS

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Within ten days after the approval of this Agreement, Quigley shall pay to the Receiver the total sum of \$10,712.40 representing 80% of the \$13,390.30 which Quigley received

as an alleged “profit” or “interest” from the operations of the DenSco Ponzi Scheme. The payment to the Receiver shall be in the form of a personal check or money order made payable to “Peter S. Davis, Receiver” to be delivered to counsel for the Receiver.

2. Upon execution of this Agreement, the Receiver shall file a petition in the Receivership Action seeking the approval of this Agreement and the provisions contained therein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved.

3. The Receiver hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Quigley and her attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made against Quigley in the Receivership Action.

4. Quigley hereby, on her own behalf and on behalf of her attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

5. The parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The Parties further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party's own choice regarding the benefits and detriments of entering into this Agreement.

6. This Agreement contains the full and complete agreement of the Parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

7. This Agreement may not be amended or modified except in writing, signed by the party to be bound thereby, or if signed by the respective parties' attorneys of record, which writing has been approved by the Court in the Receivership Action.

8. The parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

9. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

10. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Receivership Action.

11. The person signing this Agreement on behalf of any party to this Agreement, hereby warrants and represents that the person is authorized to sign this Agreement and make the promises and grant the releases contained herein on behalf of the respective entity and that such person has the power to bind the respective entity.

12. This Agreement may be executed in counterparts by one or more of the undersigned, and all such counterparts so executed shall together be deemed to constitute one final Agreement, as if one document had been signed by all parties hereto. Each such counterpart shall be deemed to be an original, binding the parties subscribed thereto, and multiple signature pages affixed to a single copy of the Agreement shall be deemed to be a fully executed original Agreement.

13. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

14. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

PETER S. DAVIS, as Receiver

Dated: 11/14/17

  
\_\_\_\_\_  
Peter S. Davis, as Receiver in CV2016-014142

KAREN QUIGLEY

Dated: \_11/13/17

  
\_\_\_\_\_  
Karen Quigley

## SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between Peter S. Davis, as Receiver of DenSco Investment Corporation in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receiver") and Nishel Badiani ("Badiani") The parties hereto are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

### RECITALS

Whereas on August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 as the Receiver of DenSco Investment Corporation (hereinafter "DenSco"), an Arizona corporation (herein after the ("Receivership Action"));

Whereas the Receiver has determined from a comprehensive review of the books and records of DenSco that on December 31, 2012, DenSco was insolvent. The Receiver has determined that at the end of 2012, DenSco did not have sufficient financial resources to pay DenSco's obligations to its current investors. However, despite being insolvent, DenSco continued to raise new money and utilized these new investor funds to pay DenSco's obligations to its current investors. Accordingly, the Receiver has determined that after December 31, 2012, DenSco operated as Ponzi investment scheme. ("DenSco Ponzi Scheme");

Whereas the Receiver has asserted that Badiani was an investor in DenSco who made a principal investment into DenSco in the amount of \$775,000.00 after December 31, 2012, when DenSco was woefully insolvent;

Whereas on or about November 24, 2015, DenSco repaid Badiani his entire principal investment of \$775,000.00 and paid Badiani an additional \$36,356.82 representing an alleged "profit" or accrued "interest" from Badiani's investment in DenSco;

Whereas other investors in the DenSco Ponzi Scheme were not as fortunate as Badiani, as the Receiver has determined that as of the date of the establishment of the Receivership, other DenSco investors were collectively owed \$31,446,001.79.

Whereas Badiani had no involvement in the operations of DenSco, had no knowledge of the DenSco Ponzi Scheme and was nothing more than a passive DenSco investor who was repaid his entire principal investment and interest payments by DenSco; and

Whereas without admitting the truth or validity of any claim or defense, the Parties desire to settle all claims that the Receiver may be entitled to assert in connection with the DenSco Ponzi Scheme.

### TERMS

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Within twenty days after the approval of this Agreement, Badiani shall pay to the Receiver the total sum of \$29,085.46 representing 80% of the \$36,356.82 which Badiani received as an alleged "profit" or "interest" from the operations of the DenSco Ponzi Scheme. The payment to the Receiver shall be in the form of a personal check or cashier's check made payable to "Peter S. Davis, Receiver" to be delivered to counsel for the Receiver.

2. Upon execution of this Agreement, the Receiver shall file a petition in the Receivership Action seeking the approval of this Agreement and the provisions contained therein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved. If Agreement is not approved, the Receiver shall return to Badiani any funds paid in consideration of this Agreement.

3. The Receiver hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Badiani and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

4. Badiani hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the DenSco Ponzi Scheme, including without limitation any claims that were made or could have been made in the Receivership Action.

5. The parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The Parties further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party's own choice regarding the benefits and detriments of entering into this Agreement.

6. This Agreement contains the full and complete agreement of the Parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

7. This Agreement may not be amended or modified except in writing, signed by the party to be bound thereby, or if signed by the respective parties' attorneys of record, which writing has been approved by the Court in the Receivership Action.

8. The parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

9. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

10. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Receivership Action.

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13. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

14. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

PETER S. DAVIS, as Receiver

Dated: 11/16/17

  
\_\_\_\_\_  
Peter S. Davis, as Receiver in CV2016-014142

NISHEL BADIANI

Dated: 11/15/2017

  
\_\_\_\_\_  
Nishel Badiani