

# Exhibit A

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA

Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
corporation,

Plaintiff,

vs.

Clark Hill PLC, a Michigan limited  
liability company; David G. Beauchamp  
and Jane Doe Beauchamp, husband and  
wife,

Defendants.

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF  
EXPERT WITNESS REPORT RE  
STANDARD OF CARE**

(Commercial case)

(Assigned to the  
Honorable Daniel Martin)

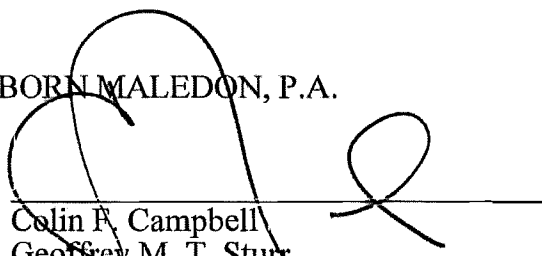
Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as Receiver of DenSco Investment Corporation, hereby discloses the attached report of Neil J. Wertlieb, which addresses the applicable standard of care, Defendants' departure from the standard of care and how that departure caused injury to DenSco.

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DATED this 3rd day of April 2019.

OSBORN MALEDON, P.A.

By



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**EXPERT REPORT OF NEIL J WERTLIEB**

**In the matter of**

*Peter S. Davis, as Receiver of DenSco Investment Corporation*

**v.**

*Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp*

**Submitted on March 26, 2019**

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## EXPERT REPORT OF NEIL J WERTLIEB

In the matter of

*Peter S. Davis, as Receiver of DenSco Investment Corporation*

v.

*Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp*

Submitted on March 26, 2019

### I. INTRODUCTION

By letters dated June 15, 2017 and October 3, 2017, the law firm of Osborn Maledon, P.A. (“Osborn Maledon”) retained me (through Wertlieb Law Corp, where I am principal) to serve as an expert witness in the matter of *Peter S. Davis, as Receiver of DenSco Investment Corporation v. Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp* (this “Case”).<sup>1</sup>

This Expert Report of Neil J Wertlieb (this “Report”) contains my opinions, together with the facts and analysis upon which my opinions are based and the reasons for my conclusions.

#### A. My Background and Qualifications

I am the principal of Wertlieb Law Corp, where (among other things) I have served as an expert witness in disputes involving business transactions and corporate governance, and in cases involving attorney malpractice and attorney ethics. I also serve as a Special Deputy Trial Counsel on behalf of the State Bar of the State of California, in which capacity I investigate and, when appropriate, prosecute attorney misconduct in certain matters where the State Bar’s Office of Chief Trial Counsel has determined that it may have a conflict of interest.

Prior to founding Wertlieb Law Corp in 2017, I was a partner at the law firm of Milbank, Tweed, Hadley & McCloy LLP (“Milbank”), where for over two decades my practice focused on corporate transactions, primarily securities offerings, acquisitions and restructurings. I have represented clients in a wide variety of business matters, including formation and early round financings, mergers and acquisitions, private placements and public offerings, international securities offerings and other international transactions, fund formations, joint ventures, real estate and hospitality matters, partnerships and limited liability companies, reorganizations and restructurings, independent investigations, and general corporate and contractual matters.

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<sup>1</sup> See Plaintiff’s Disclosure of Areas of Expert Testimony dated September 7, 2018 (“the [Receiver] discloses the following areas of expert testimony he anticipates offering at trial: ... The applicable standard of care, Defendants’ departure from the standard of care and how that departure caused injury to DenSco. Departure from the standard of care will encompass all allegations in the Complaint, both legal malpractice and breaches of fiduciary duty, and will be premised on all actions described in Plaintiff’s Rule 26.1 statement of facts. Expert testimony may also address whether the departures from the standard of care are gross departures from the standard of care.”).



I would estimate that in the course of my 34 years of practicing law, I have worked on securities offerings that raised over \$20 billion in proceeds. Such offerings have included: initial public offerings and other securities offerings registered with the Securities and Exchange Commission (the "SEC"); international and intrastate securities offerings which have been outside of the jurisdictional scope of federal securities regulation; and venture capital and early stage financings, fund financings, real estate related financings, and private placements and other offerings which have been exempt from SEC registration. My responsibilities in such offerings included the following tasks: evaluating compliance with federal, state and foreign securities regulations; preparing, reviewing and advising with respect to disclosures and SEC filings; preparing, reviewing and advising with respect to other documentation, including subscription agreements and investor suitability questionnaires; rendering legal opinions and conducting due diligence; assessing the risks associated with non-compliance, conducting internal compliance investigations, and advising with respect to rescission offers and other remedies; and other tasks associated with the offer and sale of securities. I have also advised securities issuers and other entities, as well as their directors, officers and managers, with respect to their fiduciary duty obligations.

Prior to joining Milbank in 1995, I was the general counsel for a public telecommunications and broadcast company. I also served as the General Counsel and a member of the Board of Directors of the Los Angeles Kings Hockey Team. And before that, I worked for eight years at the law firm of O'Melveny & Myers LLP, as a transactional associate in the firm's Corporate Department.

I am also an Adjunct Professor of Law at the UCLA School of Law where (since 2002) I teach a transaction skills course, entitled "Life Cycle of a Business," which focuses on business transactions, negotiation, contract drafting and attorney ethics. The course subjects include fiduciary duties, securities offerings, disclosure documents and materiality.

I have been engaged by Harvard Law School Executive Education as Senior Advisor, Milbank@Harvard. This professional development program provides Milbank associates with immersive week-long programs to build leadership and business skills each year for four years, as they progress from mid-level associates to senior associates. Led by Harvard Law and Business School faculty, the program covers topics such as business, finance, accounting, marketing, law, management skills, client relations and personal and professional development. As Senior Advisor, I provide input, guidance and assistance in formulating the program and connecting it to the practice of law.

I am a former Chairman of each of the following committees of the California State Bar: the Executive Committee of the Business Law Section; the Corporations Committee; and the Committee on Professional Responsibility and Conduct. I am currently the Chairman of the Professional Responsibility and Ethics Committee of the Los Angeles County Bar Association. I also served as a Judicial Extern for Justice Stanley Mosk on the California Supreme Court.

I am the general editor of the legal treatise *Ballantine & Sterling: California Corporation Laws*. I have been recognized in *The Legal 500* for my mergers and acquisitions work and was

recognized as one of the top 100 most influential lawyers in California (*California Law Business*, October 30, 2000).

I received my law degree in 1984 from the UC Berkeley School of Law, and my undergraduate degree in Management Science from the School of Business Administration also at the University of California at Berkeley. I am admitted to practice law in California, New York and Washington, D.C.

My qualifications are described in more detail in my curriculum vitae, a current copy of which is attached as Exhibit A to this Report. A list of all cases in which I have testified as an expert at a deposition, hearing or trial during the past four years is attached as Exhibit B to this Report.

### **B. Description of this Case**

This Case was initiated by the filing of a Complaint on October 16, 2017, by Peter S. Davis, as the court-appointed receiver (the "Receiver") of DenSco Investment Corporation, an Arizona corporation ("DenSco"), following the death of Denny Chittick, DenSco's sole owner, shareholder and operator. In the Complaint, the Receiver states two claims for relief against the law firm of Clark Hill PLC ("Clark Hill") and David G. Beauchamp (collectively, the "Defendants")<sup>2</sup>: (1) legal malpractice; and (2) aiding and abetting breach of fiduciary duties. The claims arise from the legal representation of DenSco by the Defendants.

### **C. Scope of Engagement**

In the course of this engagement, I have reviewed certain documents provided or made available to me by, and have been in communication with, Osborn Maledon, the law firm representing Peter S. Davis, as Receiver of DenSco in this Case. The documents which have been provided or made available to me are listed on Exhibit C attached to this Report. In the event new information becomes available to me, I reserve the right to modify my opinions and conclusions accordingly.

At times during the course of this engagement, I have utilized the services of Christa Chan-Pak, who has acted an associate attorney at Wertlieb Law Corp during the preparation of this Report.

For purposes of this engagement, Wertlieb Law Corp charges Osborn Maledon an hourly rate of \$1,000 for my time. The compensation Wertlieb Law Corp receives for the services provided in formulating the opinions stated herein is not in any way contingent upon the conclusions I have reached in, or on the final outcome of, this Case.

### **D. Summary of Opinion**

It is my opinion, as detailed below and based on the record that I have reviewed, that the Defendants violated the applicable standard of care in their representation of DenSco.

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<sup>2</sup> Mr. Beauchamp's wife, identified as Jane Doe Beauchamp, is also named as a defendant in the Complaint.

## II. SUMMARY OF FACTS

### A. The Defendants and DenSco

Mr. Beauchamp started his legal career in 1981 and has practiced at no less than seven different law firms, starting as an associate at Fennemore Craig.<sup>3</sup> Following Fennemore Craig, he moved to Storey & Ross, then to Moya Bailer Bowers & Jones, then to Quarles & Brady, then to Gammage & Burnham, then to Bryan Cave.<sup>4</sup> In September 2013, Mr. Beauchamp joined Clark Hill,<sup>5</sup> where he is currently a Member.<sup>6</sup> His primary practice areas are corporate law, securities, venture capital and private equity transactions.<sup>7</sup>

Defendant Clark Hill is an international law firm. According to its website, it is “one of the largest firms in the United States - with more than 650 attorneys and professionals in 25 offices, spanning the United States as well as Dublin and Mexico City.”<sup>8</sup>

Denny Chittick formed DenSco in April 2001.<sup>9</sup> Prior to forming DenSco, Mr. Chittick worked at Insight Enterprises, Inc. (“Insight”), a publicly traded company, for approximately 10 years. When he left Insight, he began investing his own money, and subsequently established DenSco where he invested his own money and solicited money from other investors.<sup>10</sup>

DenSco made “high-interest loans with defined loan-to-value ratios to residential property remodelers ... who purchase[d] houses through ... foreclosure sales all of which [were] secured by real estate deeds of trust (‘Trust Deeds’) recorded against Arizona residential properties.”<sup>11</sup> “From April, 2001, through June, 2011 [DenSco] engaged in 2622 loan transactions.”<sup>12</sup> Mr. Chittick was the sole shareholder, director, officer and employee of DenSco.<sup>13</sup> Mr. Chittick raised money from investors by issuing general obligation notes (the “Notes”) at variable interest rates. The Notes were “secured by a general pledge of all assets owned by or later acquired by”

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<sup>3</sup> See page 33, line 21, Deposition of David G. Beauchamp on July 19 and 20, 2018 (“Deposition of Mr. Beauchamp”).

<sup>4</sup> See page 33, lines 9-17, Deposition of Mr. Beauchamp.

<sup>5</sup> See page 33, lines 17-18, Deposition of Mr. Beauchamp.

<sup>6</sup> See Clark Hill website, <https://www.clarkhill.com/people/david-g-beauchamp> (retrieved March 2, 2019).

<sup>7</sup> See Clark Hill website, <https://www.clarkhill.com/people/david-g-beauchamp> (retrieved March 2, 2019).

<sup>8</sup> Clark Hill website, <https://www.clarkhill.com/pages/about> (retrieved March 2, 2019).

<sup>9</sup> See page 1, *Arizona Corporation Commission v. DenSco Investment Corporation* (Case No. CV 2016-014142), Preliminary Report of Peter S. Davis, as Receiver of DenSco Investment Corporation, dated September 19, 2016.

<sup>10</sup> See page 40, DenSco’s Confidential Private Offering Memorandum dated July 1, 2011 (the “2011 POM”); printout of the “Company Management” page from the DenSco website dated June 17, 2013.

<sup>11</sup> Page 1, 2011 POM.

<sup>12</sup> Page 1, 2011 POM.

<sup>13</sup> Pages 40-41, 2011 POM.

DenSco.<sup>14</sup> DenSco's largest assets were the Trust Deeds,<sup>15</sup> which were intended to be secured through first position trust deeds.<sup>16</sup>

Mr. Beauchamp began providing securities advice to DenSco in the early 2000s.<sup>17</sup> As DenSco's securities lawyer, Mr. Beauchamp, among other things, drafted DenSco's Private Offering Memoranda ("POMs")<sup>18</sup> and related investor documents.<sup>19</sup> The POMs offered Notes according to the terms set forth therein. In addition, Mr. Beauchamp advised DenSco on federal and state securities laws, mortgage broker regulations and rules and regulations promulgated by state and financial lending authorities.<sup>20</sup>

Mr. Beauchamp "advised DenSco regarding its Private Offering Memoranda, which DenSco generally updated every two years. He helped draft the 2003, 2005, 2007, 2009 and 2011 POMs."<sup>21</sup>

## **B. Events from Mid-2013 to Mid-2014**

### **1. DenSco's 2011 POM Expired**

The 2011 POM provided for a two-year offering period.<sup>22</sup> Thus, by its own terms, the 2011 POM expired on July 1, 2013. However, the Defendants never finalized and provided DenSco with an update to the 2011 POM or a replacement POM.

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<sup>14</sup> Page (i), 2011 POM.

<sup>15</sup> Page (i), 2011 POM.

<sup>16</sup> Page 37, 2011 POM.

<sup>17</sup> Page 3, lines 2-3, Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement dated March 12, 2019 ("Defendants' DS").

<sup>18</sup> As discussed below, a private offering memorandum is a disclosure document used to solicit investment in private securities transactions. A POM is provided to prospective investors to provide such investors with information regarding the issuer and the securities it intends to issue. Generally, a POM describes the business, the investment opportunity, the associated risks, the management team, historical performance and expected performance of the business. Disclosures made in a POM are regulated under the federal securities laws by, among other laws and rules, Rule 10b-5 promulgated under the Securities Exchange Act of 1934.

<sup>19</sup> See pages 3-4, lines 25-1, Defendants' DS.

<sup>20</sup> Page 4, lines 2-4, Defendants' DS.

<sup>21</sup> Page 5, lines 7-8, Defendants' DS; see, also, pages 256-257, lines 22-3, Deposition of Mr. Beauchamp (Mr. Beauchamp testified that it was his practice to revise the POM every two years based on a suggestion "made by a former SEC official, that given the nature of this industry, two years would be an appropriate time. However, if something material happened before then, you need to tell your client this has to be disclosed.").

<sup>22</sup> See page (i), 2011 POM ("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.").

In early May 2013, Mr. Chittick prompted Mr. Beauchamp (who was then at Bryan Cave) to begin work on an updated POM.<sup>23</sup> On May 9, 2013, Mr. Beauchamp met with Mr. Chittick. However, when Mr. Beauchamp learned that DenSco was close to issuing \$50 million of Notes,<sup>24</sup> he ceased working on an updated POM.<sup>25</sup> Because of his concern that DenSco was approaching the maximum offering size, he began reaching out to his colleagues at Bryan Cave for advice on federal and state laws.<sup>26</sup> It appears that Mr. Beauchamp's concerns were misplaced, as no such legal issues existed.<sup>27</sup>

Ultimately, the Defendants *never* completed the updated disclosure.<sup>28</sup>

## 2. The Freo Lawsuit (the First of Four “Red Flag” Warnings)

On June 14, 2013, Mr. Chittick emailed Mr. Beauchamp to alert him that a lawsuit had been filed against DenSco (the “Freo Lawsuit”), and included the first four pages of the complaint.<sup>29</sup> Mr. Chittick stated that DenSco was being sued along with one of its borrowers – a borrower that DenSco “had done a ton of business with, millions in loans and hundreds of loans for several years.”<sup>30</sup> The borrower was Scott “Yomtov” Menaged, together with the businesses he operated through two Arizona limited liability companies, Easy Investments, LLC and Arizona Home Foreclosures, LLC.

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<sup>23</sup> See email dated May 1, 2013 from Mr. Chittick to Mr. Beauchamp (“it’s the year when we have to do the update on the memorandum, when do you want to start?”).

<sup>24</sup> See DIC0003345, Mr. Beauchamp’s handwritten notes, dated May 9, 2013, that state “\$50MM (what is this a threshold for).”

<sup>25</sup> See email dated June 25, 2013 from Mr. Beauchamp to Elizabeth Kearny Sipes, his then colleague at Bryan Cave (“*We stopped updating [the POM] when we were told that the investments from the investors had jumped to approximately \$47.5 million. Given that significant increase I have been asking for help to determine what other federal or state laws might be applicable. Bob Pederson out of NY has said that the Trust Indenture Act will not be applicable so long as the client is under the Regulation D, Rule 506 exemption. The other big issues have waited for your help to discern if we need to comply with the Investment Advisors Act of 1940 and the Registered Investment Advisors requirements.*” [italics added]).

<sup>26</sup> Ibid.

<sup>27</sup> See email dated July 1, 2013 from Ms. Sipes to Mr. Beauchamp (“I don’t believe DenSco would ... need to register as an investment adviser.... It is also not necessary to count accredited investors at this time. DenSco is offering the notes under [SEC Rule] 506 which permits an unlimited number of accredited investors.”).

<sup>28</sup> See page 53, lines 11-13, Deposition of Mr. Beauchamp (“We never ... issued a private offering memorandum at Clark Hill for DenSco”); see, also, pages 178-179, lines 22-3 (“Q: So you made a decision with Mr. Chittick that you would not disclose anything until we had a private offering memorandum, irregardless of fiduciary duties? ... A. I did not have that agreement with Mr. Chittick. Over time, that’s what evolved.”).

<sup>29</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“David: I have a borrower, to which I’ve done a ton of business with, million in loans and hundreds of loans for several years, he’s getting sued along with me.”).

<sup>30</sup> Ibid.

The complaint in the Freo Lawsuit alleged that Mr. Menaged had secured two mortgages on one property: “Easy [Investments] attempted to encumber the property with deeds of trust to Active [Funding Group, LLC, an Arizona limited company, the other lender] and DenSco.”<sup>31</sup> Mr. Beauchamp recognized that the Freo Lawsuit was material to DenSco’s investors, and immediately told Mr. Chittick, “we will need to disclose this in POM.”<sup>32</sup> Mr. Chittick readily agreed.<sup>33</sup> The Freo Lawsuit put Mr. Beauchamp on notice that DenSco’s 2011 POM may be materially misleading because, if the allegations in the complaint were correct, DenSco was not following the methodology and procedures stated in the 2011 POM for funding its loans.<sup>34</sup> Based on the record I have reviewed in this Case, it appears that such disclosure was never made to DenSco’s investors nor included in any draft updates to the 2011 POM prepared by the Defendants.

Mr. Chittick also informed Mr. Beauchamp that Mr. Menaged’s attorney was working on the defense of the Freo Lawsuit, and that Mr. Chittick intended to “piggy back” on his borrower’s defense.<sup>35</sup> Despite this clear conflict of interest, and Mr. Chittick’s instruction that he speak with Mr. Menaged’s attorney<sup>36</sup> – and Mr. Menaged’s offer to pay for his time<sup>37</sup> – Mr. Beauchamp apparently took no action with respect to the Freo Lawsuit.<sup>38</sup>

The Freo Lawsuit was the first of what I consider to be four “red flag” warnings, as discussed below.

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<sup>31</sup> See paragraph 20, Complaint dated May 24, 2013, *Freo Arizona, LLC v. Easy Investments, LLC, Active Funding Group, LLC, DenSco Investment Corporation, et al.*, brought in The Superior Court for the State of Arizona in and for the County of Maricopa.

<sup>32</sup> Email dated June 14, 2013 from Mr. Beauchamp to Mr. Chittick.

<sup>33</sup> Email response dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp (“ok 1 sentence should suffice!”).

<sup>34</sup> See page 6, Defendants’ DS (“DenSco and Mr. Chittick were both advised, and understood, ... that DenSco was representing to its investors that DenSco’s loans would be in first position, and ... that it was of fundamental importance that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.”). See also paragraph 121 of Plaintiff’s Fifth Disclosure Statement dated November 14, 2018 (“Plaintiff’s DS”) (“It was apparent from the Freo complaint that Chittick had not conducted any due diligence before loaning money to Easy Investments to acquire this particular home, since the property had been sold, according to public records, five days before a trustee’s sale.”).

<sup>35</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments, has his attorney working on it, I’m ok to piggy back with his attorney to fight it.”).

<sup>36</sup> See Ibid (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to his attorney. Contact info is below.”).

<sup>37</sup> Reply email dated June 14, 2013 from Mr. Menaged (“David Please bill me for your services and utilize my attorney for anything you may need.”).

<sup>38</sup> Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at this time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

### 3. Mr. Chittick's Instruction (the Second of Four "Red Flag" Warnings)

Although Mr. Beauchamp did some work on an updated POM in July and August of 2013 (after the 2011 POM had expired),<sup>39</sup> he was also preoccupied with changing law firms.<sup>40</sup> In late August 2013, he informed Mr. Chittick that he was leaving Bryan Cave for Clark Hill.<sup>41</sup>

In his deposition, Mr. Beauchamp asserted that the delay in updating the POM was caused by Mr. Chittick, and that Mr. Chittick instructed Mr. Beauchamp to stop working on the POM in August 2013 ("Mr. Chittick's Instruction").<sup>42</sup> Based on the record I have reviewed, it appears there is no evidence confirming Mr. Beauchamp's assertion.<sup>43</sup> While I do not find Mr. Beauchamp's assertion credible under the circumstances, for the reasons discussed below, any such instruction from Mr. Chittick would not relieve Mr. Beauchamp of his obligation to take some form of corrective action.

In September 2013, Mr. Beauchamp left Bryan Cave and moved to Clark Hill. An engagement letter dated September 12, 2013 was signed by Mr. Beauchamp on behalf of Clark Hill, and by Mr. Chittick on behalf of DenSco as a new client at Clark Hill. Mr. Beauchamp requested that Mr. Chittick have certain DenSco files transferred from Bryan Cave to Clark Hill, including

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<sup>39</sup> See Bryan Cave invoice dated August 14, 2013 to DenSco for legal services rendered through July 31, 2013 (Mr. Beauchamp billed 9.7 hours for work on the DenSco POM in July); Bryan Cave invoice dated September 14, 2013 to DenSco for legal services rendered through August 31, 2013 (0.4 hours regarding subscription documents and procedures in August).

<sup>40</sup> See pages 46-47, lines 22-1, Deposition of Mr. Beauchamp ("I don't remember when I first talked to Clark Hill ... but you are talking I believe the end of June – to mid-August [2013] was the time period where I explored different options and tried to deal with it.").

<sup>41</sup> See Mr. Beauchamp's handwritten notes dated August 26, 2013 ("TCW Denny Chittick (8/26/13) – left message – need to work on the latest version of POM that Denny has w/ the prior experience charts – need to discuss timing + update. TCW Denny Chittick (8/26/13) – explained delay w POM – need to get copy of Denny's latest POM make changes to it – BC will be sending a letter to Denny + letting Denny decide if he wants files kept at BC or move to CH").

<sup>42</sup> Page 289, lines 15-25, Deposition of Mr. Beauchamp ("Q. And you write, in your handwriting: Explained delay with POM. Did you write that? A. Yes, I did. ... I believe it was a reference, again, to his decision to put it on hold for the time being, because he wasn't able to focus on it and get us the information. Q. You weren't explaining your delay on the POM, Mr. Beauchamp? A. No."); page 290, lines 11-14 ("Q. But unequivocally, it's your testimony under oath that by August 26, 2013, he told you to stop working on the POM? A. That is correct."). But see Deposition of Mr. Hood, page 101, lines 17-22 ("Q. So would you agree with me that in September 2013, *while he is working at Clark Hill*, Mr. Beauchamp is ordered by Mr. Chittick to stop working on the POM? A. Well, that's what appears to have been the case, according to Mr. Beauchamp's interrogatory answers, yes." [italics added]).

<sup>43</sup> See page 288, lines 5-7, Deposition of Mr. Beauchamp ("Q. And again, this wasn't by letter or email. You think this was a telephone conversation? A. That's how Denny preferred it.").

“2011 and 2013 Private Offering.”<sup>44</sup> Although he asserts that Mr. Chittick directed him to stop all work on the POM just two weeks earlier,<sup>45</sup> Mr. Beauchamp also completed a “New Client/Matter Form” at Clark Hill to “Finish Private Offering Memorandum.”<sup>46</sup>

Despite taking on DenSco as a client in September 2013, the Defendants appear to have done no work in updating the expired 2011 POM, nor made any effort to provide DenSco with a replacement POM, for over three months. By mid-December 2013, Mr. Chittick apparently had to prompt Mr. Beauchamp to resume work on an updated POM.<sup>47</sup>

Mr. Chittick’s Instruction was the second of four “red flag” warnings, as discussed below.

#### 4. The December 2013 Phone Call (the Third of Four “Red Flag” Warnings)

In December 2013, Mr. Chittick informed Mr. Beauchamp that certain properties DenSco had lent against had other liens competing for priority (the “December 2013 Phone Call”): “In December 2013, Mr. Chittick ... told Mr. Beauchamp over the phone that he had run into an issue with some of his loans to Menaged, and specifically, that properties securing a few DenSco loans were each subject to a second deed of trust competing for priority with DenSco’s deed of trust.”<sup>48</sup> When Mr. Beauchamp found out about the double lien issue, he advised Mr. Chittick to document a “plan” with Mr. Menaged to resolve the double lien issue.<sup>49</sup> Based on the record I have reviewed, and despite this potentially material problem with a borrower that Mr. Beauchamp knew to be very important to DenSco’s business (and the very same borrower that

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<sup>44</sup> See email dated September 12, 2013 from Mr. Beauchamp to Mr. Chittick (“Denny: There should not be a cost associated with transferring your files. However, to be safe, we should just do the following: AZ Practice Review (contains previous research); Blue Sky Issues; Garnishments; General Corporate; 2011 and 2013 Private Offering.”).

<sup>45</sup> Page 289, lines 15-25, and page 290, lines 11-14, Deposition of Mr. Beauchamp.

<sup>46</sup> See DIC0008653, Clark Hill New Client/Matter Form signed by Mr. Beauchamp on September 13, 2013.

<sup>47</sup> See email dated December 18, 2013 from Mr. Chittick to Mr. Beauchamp (“Since you moved, we’ve never finished the update on the memorandum.”). The Defendants attempt to contradict the clear implication of this email by asserting that it was Mr. Beauchamp who reminded Mr. Chittick. See Defendants’ DS, page 8 (“Mr. Beauchamp reminded Mr. Chittick that he still needed to update DenSco’s private offering memorandum.”). While I do not find Defendants’ assertion credible under the circumstances, for the reasons discussed below, the Defendants were still obligated to take some form of corrective action.

<sup>48</sup> Defendants’ DS, page 8.

<sup>49</sup> Defendants’ DS, page 8 (“After briefly discussing the allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did not request any advice or help. Rather, Mr. Chittick indicated that he wanted to continue working on a plan with Menaged to resolve the double-lien issue. Accordingly, Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan.”).



was the apparent cause of the Freo Lawsuit),<sup>50</sup> there was no discussion or effort to update the POM to disclose this fact, nor does it appear that the Defendants did any investigation into the matter.

The December 2013 Phone Call was the third of four “red flag” warnings, as discussed below.

#### **5. The Bryan Cave Demand Letter (the Fourth of Four “Red Flag” Warnings)**

On January 6, 2014, Mr. Beauchamp received a copy of a demand letter sent by Bryan Cave to DenSco (the “Bryan Cave Demand Letter”).<sup>51</sup> The letter stated that Bryan Cave represented certain lenders and lienholders that had loaned money to Easy Investments, LLC and/or Arizona Home Foreclosures, LLC (both entities owned and controlled by Mr. Menaged), to enable such borrowers to purchase various properties. The letter asserted that DenSco engaged in a practice of recording a mortgage on those same properties on or around the same time that the Bryan Cave lenders were recording their deeds of trust. The Bryan Cave Demand Letter demanded that DenSco agree to sign subordination agreements in favor of such lenders and lienholders with respect to the properties.

It is clear that, despite this very serious and material problem with a borrower that Mr. Beauchamp knew to be very important to DenSco’s business (and the very same borrower that was the apparent cause of both the Freo Lawsuit and the December 2013 Phone Call),<sup>52</sup> there was no effort made to update the POM to disclose this fact, nor does it appear that the Defendants did any investigation into the matter. In fact, as discussed below, once the Bryan Cave Demand Letter came to his attention, Mr. Beauchamp’s priority became drafting and negotiating the Forbearance Agreement (as defined below),<sup>53</sup> not updating the 2011 POM.

The Bryan Cave Demand Letter was the fourth of four “red flag” warnings, as discussed below.

#### **6. The Defendants’ Efforts to Paper Over the Menaged Problem**

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<sup>50</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“I’ve done a ton of business with [Mr. Menaged], million in loans and hundreds of loans for several years”).

<sup>51</sup> Email dated January 6, 2014 from Mr. Chittick to Mr. Beauchamp, attaching letter dated January 6, 2014 from Bryan Cave to DenSco, re: “Mortgage Recordation; Demand for Subordination.”

<sup>52</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“I’ve done a ton of business with [Mr. Menaged], million in loans and hundreds of loans for several years”).

<sup>53</sup> See page 59, lines 19-24, Deposition of Mr. Beauchamp (“I was giving him clear advice as far as what to do, he would not let me independently confirm that he was giving that advice, which I – he said I’ve never lied to you, and on that basis, that was true, so we proceeded *the priority was the Forbearance Agreement at that time.*” [italics added])

a. **Mr. Beauchamp Learned of the Menaged Fraud and DenSco's Improper and Risky Lending Practices**

The day after receiving the Bryan Cave Demand Letter, Mr. Beauchamp was told that Mr. Chittick had not been following proper funding procedures to ensure DenSco's first lien position, and instead "would wire the money to [Mr. Menaged's] account and [Mr. Menaged, not DenSco] would pay the trustee."<sup>54</sup> Mr. Chittick explained his funding procedure, and also admitted that he did the same thing with several other borrowers and with respect to every auction property.<sup>55</sup> By funding directly to a borrower, rather than to a trustee or escrow company or in some other manner so as to ensure that DenSco had a perfected first lien priority position on the property securing its loan, DenSco was taking significant and unnecessary risk that it might not be in a first lien position with respect to such loans.<sup>56</sup> In fact, because DenSco was funding directly to borrowers *in anticipation* of a property acquisition, there was no way for DenSco to even ensure that the loan proceeds were actually used for such purpose. Mr. Beauchamp was well aware of the risks associated with this funding procedure as he had "provided advice to DenSco regarding proper loan documentation procedures since at least 2007."<sup>57</sup>

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<sup>54</sup> Email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("I've been lending to Scott Menaged through a few different LLC's and his name since 2007. I've lent him 50 million dollars and I have never had a problem with payment or issue that hasn't been resolved. ... Because of our long term relationship, when Scott needed money, I would wire the money to his account and he would pay the trustee.").

<sup>55</sup> Ibid ("I do this same thing with several borrowers and bidding co's. As an example, he would buy a property at auction for 100k it's worth 145k, he would ask me for 80k. I would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which I've attached (all docs you have reviewed and have been reviewed [sic] by a guy at your last law firm, maybe two firms ago in 2007). I've attached them. I would record the RM the day he paid for the property. Then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, I then would record my DOT. This is a practice that I have done for 14 years. It's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. For me to be covered, I would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. ... Again, *this is what I do on every single auction property no matter who is the borrower.*" [italics added]). See, also, Plaintiff's DS ¶ 211.

<sup>56</sup> Mr. Menaged testified in his Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016 that: DenSco's lending practices were not as uniform or *careful* as other lenders (page 27); DenSco *never* declined a loan amount proposed by Mr. Menaged (page 38); "There was never anything not approved" (page 53); DenSco would wire the funds directly to Mr. Menaged (pages 43-44); DenSco would wire funds before receiving signed documents (page 54); DenSco did not require proof of insurance (page 56); "The only way that DenSco ended up in this position is because he wired the money to the borrower, me, and did not pay the trustee directly" (page 74); and "I guess in general terms, *it was just a very lax hard money lending practice, very, very, lax*" (page 39 [italics added]).

<sup>57</sup> See page 6, Defendants' DS ("Mr. Beauchamp ... provided advice to DenSco regarding proper loan documentation procedures since at least 2007. DenSco and Mr. Chittick were both advised,

These improper and risky funding procedures were not disclosed in the 2011 POM. In fact, the 2011 POM incorrectly stated that DenSco's loans were funded so as to ensure first lien positions on such properties.<sup>58</sup>

Mr. Menaged fabricated a story to explain the double lien issue – a story which we now know to be false. As told by Mr. Menaged, because he was distracted with his wife's illness, he turned over certain business operations to his "cousin." The cousin would obtain a loan from DenSco, which DenSco wired directly, and the cousin would also obtain a loan from another lender, which lender would wire funds directly to the trustee. The cousin would file deeds of trust on behalf of both lenders, and then ultimately absconded with DenSco's funds.<sup>59</sup>

In fact, there was no such cousin. A simple search of records available on the County of Maricopa website showed that it was Mr. Menaged who executed those deeds of trust in the presence of a notary, and not any "cousin."<sup>60</sup>

**b. Mr. Chittick and Mr. Menaged Create the "Plan"**

Mr. Chittick shared with Mr. Beauchamp that he thought his options were limited. Mr. Chittick claimed that DenSco could not sign the subordination agreements demanded by the Bryan Cave

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and understood, (a) that DenSco should fund loans through a trustee, title company or other fiduciary, (b) that DenSco was representing to its investors that DenSco's loans would be in first position, and (c) that it was of fundamental importance that DenSco safeguard the use of its investors' funds in conjunction with properly recording liens, in order to ensure that DenSco's loans were in first position.").

<sup>58</sup> See, e.g., page 37, 2011 POM ("All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds.").

<sup>59</sup> See email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("Sometime last year, [Mr. Menaged's] wife became ill with cancer. His cousin was working with him and took on a stronger day to day role as scott [sic] was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin doing paperwork, checks and management of the day to day. At some point his cousin decided to take advantage of our relationship and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (I would say there are as many as ½ dozen different lenders in total.) ... What his cousin was doing was receiving the funds from me, then requesting them from the other lenders. These other lenders would cut a cashiers [sic] check for the agreed upon loan amount and then take it to the trustee and receive the receipt. ... The cousin absconded with the funds."). See, also, Plaintiff's DS ¶ 215.

<sup>60</sup> See, e.g., Exhibit 103 (Deed of Trust and Security Agreement with Assignment of Rents, recorded in the Official Records of Maricopa County Recorder March 25, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is Active Funding Group, LLC.); see, also, Exhibit 104 (Deed of Trust and Assignment of Rents, recorded in the Official Records of Maricopa County Recorder April 2, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is DenSco.).

Demand Letter, because doing so would be contrary to the disclosures made by Mr. Chittick to DenSco's investors.<sup>61</sup> Further, Mr. Chittick claimed that DenSco could not litigate with the other lenders over the priority issue because doing so would somehow limit its ability to collect high interest on its loans.<sup>62</sup>

Mr. Chittick also shared with Mr. Beauchamp that he did not want to disclose the problem to DenSco's investors until the problem had been addressed and DenSco's exposure had been minimized.<sup>63</sup> Otherwise, DenSco would start to "unravel."<sup>64</sup> Mr. Chittick was concerned that when investors learned of the situation, there would be a "run on the bank."<sup>65</sup> Presumably, any such disclosure would also be viewed as an acknowledgment that Mr. Chittick failed in his responsibilities to properly manage DenSco's mortgage loans and investor funds, and thus he fell prey to Mr. Menaged's fraud.

Instead, Mr. Chittick shared with Mr. Beauchamp that he and Mr. Menaged had come up with a plan (the "Plan") to get the other lenders paid off, which would keep them satisfied,<sup>66</sup> avoid

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<sup>61</sup> Email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("I know that I can't sign the subordination because that goes against everything that I tell my investors.").

<sup>62</sup> See pages 169-170, lines 25-9, Deposition of Mr. Beauchamp ("He had expressed that if we ended up in litigation, that he would have limitations on his ability to collect the high interest on his loans to his borrowers, so he would not be able to make the payments to his investors, which would in fact cause it to unravel. He had a very specific thought that he was concerned with, and that is why he wanted to be able to show: We have a plan to work this out. We have thought it through. And that was his whole focus, get the forbearance done first.").

<sup>63</sup> See Exhibit 360, email dated February 25, 2014 from Mr. Chittick to Mr. Beauchamp ("what both of us [Mr. Menaged and Mr. Chittick] are really concerned about is that when I tell my investors the situation, they request their money back. I want to be able to say, this was a problem, we've eliminated this much of the problem and this is what it left. I want to be able to say what is left is as small as possible."). See, also, pages 169-170, lines 25-9, Deposition of Mr. Beauchamp.

<sup>64</sup> See pages 169-170, lines 25-9, Deposition of Mr. Beauchamp.

<sup>65</sup> See excerpt from DIC0009464, Chittick Investor Letter dated July 28, 2016 ("Why I didn't let all of you know what was going on at any point? It was pure fear ... I have 100 investors, I had no idea what everyone would do or want to do ... I also feared that there would be a classic run on the bank.").

<sup>66</sup> See, e.g., email dated January 12, 2014 from Mr. Chittick to Mr. Menaged, copying Mr. Beauchamp ("Greg [Reichman, Principal of Active Funding Group, LLC, an Arizona corporation, the other lender with a deed of trust on the property that was the subject of the Freo lawsuit] has confirmed with Scott and has told me, as long as he gets his interest and payoffs come, he's happy.").

litigation,<sup>67</sup> and give Mr. Chittick time to minimize the damage caused by Mr. Menaged's fraud.<sup>68</sup>

Mr. Chittick's Plan was to be memorialized in a forbearance agreement, which Mr. Beauchamp spent over three months negotiating until it was finalized and executed on April 16, 2014 (the "Forbearance Agreement").<sup>69</sup>

Despite learning of the very serious issues raised by the Bryan Cave Demand Letter (which were consistent with the problems Mr. Beauchamp learned about earlier in the Freo Lawsuit and the December 2013 Phone Call), the material deficiencies in DenSco's funding procedures, the significant deficiencies in DenSco's first lien positions, and the fraud perpetrated on DenSco, the Defendants appear to have done no work in updating the 2011 POM, nor made any effort to provide DenSco with a replacement POM, for the entire period of time that Mr. Beauchamp was working on the Forbearance Agreement.

### **c. The Forbearance Agreement**

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<sup>67</sup> See, e.g., email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come (we have 12 more houses in escrow currently, all planned to close in the next 30 days), that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan").

<sup>68</sup> Ibid ("The Plan: 1. All lenders will be paid their interest, except me, I'm allowing interest to accrue. 2. I'm extending him a million dollars against a home at 3%. 3. He is bringing in 4-5 million dollars over the next 120 days from liquidating some assets as well as getting some money back that the cousin stole, and other sources. 4. He's got a majority of these houses rented, this brings in a lot of money every month. 5. The houses that he's buying now and will be flipping will bring in money every week starting next week or two. 6. As the houses become vacant either because of ending the lease or the tenant leaves, scott [sic] will fix up the house and sell it retail. This will drive the order in which the houses will be sold. 7. He owns dozens of houses that only have one lien on them and have substantial equity in them, and he'll be selling these as the tenants vacate.").

<sup>69</sup> Forbearance Agreement dated April 16, 2014 by and among Arizona Home Foreclosures, LLC, Easy Investments, LLC (collectively defined therein as the "Borrower"), Mr. Menaged and DenSco (as "Lender").

The magnitude of the problems with Mr. Menaged are readily apparent from the Forbearance Agreement, which recited that as of April 16, 2014, “the total principal sum now due and payable under the [scheduled] Loans, in aggregate, is \$35,639,880.71.”<sup>70</sup>

Although the Forbearance Agreement required Mr. Menaged to “acknowledge and agree that the Loans are in Default,”<sup>71</sup> the principal economic commitment made by Mr. Menaged was for the Borrower to “use its *good faith efforts*” to pay off the other lenders, with “*any balance* to be paid to [DenSco] to reduce the amount of [DenSco’s] Additional Loan ... to Borrower as provided herein.”<sup>72</sup> As Mr. Menaged testified, he was unwilling to make an unconditional commitment to do so.<sup>73</sup>

On the other hand, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including:

- DenSco agreed to forbear from collecting on the loans to Mr. Menaged and his affiliated entities (the “Menaged Loans”), or otherwise exercising any of its rights or remedies under the Loan Documents and applicable law, for so as long as Mr. Menaged and the Borrower were in compliance with the Forbearance Agreement.<sup>74</sup>
- DenSco agreed to extend the maturity date on all of the Menaged Loans to February 1, 2015 and reserved the right to further extend the maturity date for another year.<sup>75</sup>

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<sup>70</sup> Section 1, Forbearance Agreement. See also pages 9-10, lines 25-2; Defendants’ DS (“by the end of 2013, more than half of [DenSco’s] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors”).

<sup>71</sup> Section 2, Forbearance Agreement.

<sup>72</sup> Sections 6(A) and 6(H), Forbearance Agreement [italics added]. The Forbearance Agreement did provide DenSco with a separate corporate guaranty from Furniture King, LLC (see Section 6(D)); however, Mr. Beauchamp failed to cause a UCC-1 to be filed against the new guarantor, and such entity ended up having no value. See email dated August 5, 2016 from Mr. Beauchamp to DenSco’s Noteholders.

<sup>73</sup> See pages 117-119, lines 23-9, Mr. Menaged’s Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016 (“Q. And did -- so at the time, when you signed [the Forbearance Agreement], did you believe that this was never going to happen? A. I said that I would make my best effort to do so, and in front of Beauchamp and DenSco I did explain to him -- what they both told me, both of them told me was, ‘Hey, this is all really best efforts. You do your best, but we’re going into this forbearance agreement. It’s protecting everyone. End of story.’ That’s all I really know about this forbearance agreement. Q. Okay. But these funds were not delivered on these dates and times, right? A. Correct. Q. And the reason for that was why? A. Like I said, it was best effort. My best effort couldn’t deliver those funds.”).

<sup>74</sup> Section 4, Forbearance Agreement.

<sup>75</sup> Section 5, Forbearance Agreement.

- DenSco committed to fund not less than an additional \$6 million to the Borrower, most of which would be used to pay off the other lenders.<sup>76</sup>
- DenSco agreed to defer the collection of interest on all Menaged Loans,<sup>77</sup> and to waive its right to charge default interest on all defaulted loans.<sup>78</sup>
- Contrary to the disclosures made in the 2011 POM, DenSco agreed to increase its loan-to-value ratio to up to 120% for loans on the double lien properties (meaning that the debt on such properties was materially in excess of the realizable value of such properties).<sup>79</sup>
- DenSco committed, for the benefit of Mr. Menaged, to limit the information that DenSco could disclose to its investors (including omitting the names of Mr. Menaged and his entities), and granted Mr. Menaged the right to review and comment on any disclosure prior to it being released.<sup>80</sup>

As a result, the benefit of the Forbearance Agreement to DenSco (as opposed to Mr. Menaged and perhaps Mr. Chittick individually) is unclear.<sup>81</sup> In substance, because it had the effect of subordinating DenSco's recovery to the recovery of the other lenders (by conceding the priority of the other lenders' liens), the Forbearance Agreement was essentially the same as the subordination agreements that Mr. Chittick rejected as being inconsistent with assurances made to DenSco's investors. By allowing the other lenders to be paid off before DenSco, Mr. Chittick's Plan, as effectuated by the Forbearance Agreement, had the effect of worsening DenSco's financial position by increasing the leverage on the double lien properties such that there was insufficient residual equity value to repay DenSco's loans in full.

It does not appear to be the case that execution of the Forbearance Agreement itself (as opposed to the speculative benefits DenSco might possibly receive going forward, when and if so received) would provide Mr. Chittick with the positive message he wanted to share with investors that DenSco's exposure had been minimized (especially since DenSco committed to extend at least another \$6 million to Mr. Menaged). In other words, because Mr. Chittick had

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<sup>76</sup> Sections 7(B) and 7(D), Forbearance Agreement.

<sup>77</sup> Section 7(C), Forbearance Agreement.

<sup>78</sup> Section 7(E), Forbearance Agreement.

<sup>79</sup> Section 7(A), Forbearance Agreement.

<sup>80</sup> Section 18, Forbearance Agreement ("With respect to the limitation on Lender's disclosure to its investors ... Lender agrees ... to limit such disclosure as much as legally possible").

<sup>81</sup> See page 92 of Mr. Menaged's Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016, in which his testimony suggests that Mr. Chittick proposed the Forbearance Agreement in order to protect Mr. Chittick ("Q. ... Was it -- you know, when you learn or when you tell him that he's in second position, how does this forbearance agreement come to light? How does this get negotiated and drafted and prepared? A. He said to me that he was going to contact his attorney and *have an agreement drawn up to protect him*. That's how it came to light." [italics added]). See, also, page 98 ("He needed, the attorney, he needed to draft the agreement in a way that will *protect Denny* from any kind of liability with the investors." [italics added]).

explained to Mr. Beauchamp that he did not want to make disclosures until much of the double lien problem had been resolved,<sup>82</sup> Mr. Beauchamp could not have reasonably believed that the completion of the Forbearance Agreement itself would prompt Mr. Chittick to make appropriate disclosures. In fact, the Defendants pursuit of the Forbearance Agreement had the effect of further delaying and limiting required disclosures to DenSco's investors.

#### 7. Defendants Allege They Withdrew from Representing DenSco in May 2014

Mr. Beauchamp claimed he was not aware that DenSco had been continuing to offer Notes until after completion of the Forbearance Agreement, at the end of April or May 2014. Mr. Beauchamp further claimed that the Defendants withdrew from the attorney-client relationship with DenSco in May 2014 when Mr. Chittick refused to send updated disclosures to investors.<sup>83</sup>

However, based on the record I have reviewed, and for the following reasons, it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures, after the expiration of the 2011 POM, and despite his knowledge of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

First, despite his initial delay in updating the 2011 POM due to unfounded legal concerns about the size of the offering, there is no evidence that Mr. Beauchamp communicated to Mr. Chittick to cease offering Notes until an updated POM could be provided to investors.<sup>84</sup>

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<sup>82</sup> See email dated February 25, 2014 from Mr. Chittick to Mr. Beauchamp ("I want to be able to say, this was a problem, we've eliminated this much of the problem and this is what it left. I want to be able to say what is left is as small as possible." [italics added]). See, also, Mr. Chittick's entry in his DenSco Journal on February 21, 2014 ("I talked to Dave ... we talked about telling my investors, we are going to put that off as long as possible so that we can improve the situation as much as possible.").

<sup>83</sup> See page 81, lines 1-8, Deposition of Mr. Beauchamp ("I was not aware that he was taking any new money from new investors or rollovers ... until the end of April or May [2014] which forced us to give him the disclosure ... for the Forbearance Agreement and say ... we have to finish this thing ... we need to send this to everybody before you proceed. ... And he did not do it so we quit."); Defendants' DS, page 23 ("In May 2014, ... Mr. Beauchamp informed Mr. Chittick that Beauchamp and Clark Hill could not and would not represent DenSco any longer.").

<sup>84</sup> I note, however, that Mr. Beauchamp asserted in his deposition testimony that he told Mr. Chittick that "he could not take any money from any new client [and]; he could not take any rollover money from an existing client, without giving them full disclosure." See page 78, lines 16-19, Deposition of Mr. Beauchamp. For the reasons stated herein, I do not find this assertion credible. However, even if true, such statement appears to simply be paying lip service to proper advice. See also Deposition of Mr. Hood, pages 83-84, lines 24-10 ("Q. Mr. Beauchamp never gave that advice prior to January 9th, 2014.... Clark Hill verified he gave the advice starting on January 9, 2014, and thereafter. True? ... THE WITNESS: ... I think that was right at the time that this issue was presented to Mr. Beauchamp."), pages 85-86, lines 21-5 ("Q. All right. In December 2013, Mr. Beauchamp did not tell Mr. Chittick he had to stop lending money. True? ... THE WITNESS: I - - I don't believe that he told Mr. Chittick that, no. Q. And in December



Second, Mr. Beauchamp knew that between June and December 2013, DenSco had 60 Notes that were scheduled to mature and that, consistent with Mr. Chittick's practice, a significant portion of those outstanding Notes would be rolled over into the issuance of new Notes.<sup>85</sup>

Third, several days *after* receipt of the Bryan Cave Demand Letter and Mr. Chittick's explanation of his funding procedures, the Menaged fraud, and his Plan to address the problem, Mr. Chittick specifically informed Mr. Beauchamp that he was soliciting new investors. On January 12, 2014, Mr. Chittick emailed Mr. Beauchamp, stating that he had "spent the day contacting every investor that [had] told [him] they want[ed] to give [him] more money," and that he expected to raise between \$5 million and \$6 million from the sale of Notes.<sup>86</sup> Mr. Chittick further inquired whether such actions were acceptable to Mr. Beauchamp: "that's my plan, shoot holes in it."<sup>87</sup> Mr. Beauchamp responded that same day, and not only did he fail to "shoot holes in it" (e.g., by instructing Mr. Chittick to not sell Notes without updated and corrected disclosures), he congratulated Mr. Chittick for his ability to "raise that amount of money that quickly."<sup>88</sup>

Fourth, shortly after receipt of the Bryan Cave Demand Letter, Mr. Chittick made a statement to such effect in the corporate journal that he maintained (the "DenSco Journal"). On January 10, 2014, he wrote in the DenSco Journal: "I can raise money according to Dave."<sup>89</sup>

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2013, he didn't tell Mr. Chittick that he couldn't take any rollover monies. True? ... THE WITNESS: I - - I don't believe so.").

<sup>85</sup> See email dated June 20, 2013 from Mr. Beauchamp to several colleagues at Bryan Cave ("According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months (and to probably be rolled over into new notes)"). See also Plaintiff's DS ¶ 18 ("Beauchamp knew that the vast majority of DenSco's investors purchased two-year promissory notes. For example, Beauchamp's notes reflect that Chittick told him during a May 3, 2007 meeting that 90% of the promissory notes DenSco had issued to investors were two-year notes."); Plaintiff's DS ¶ 19 ("Beauchamp also knew that the vast majority of DenSco's investors did not redeem their promissory notes when those notes matured, and instead 'rolled over' their investments by executing a subscription agreement and buying a new promissory note when a previous promissory note matured. As Beauchamp wrote in a June 15, 2007 e-mail to Richard Carney, who was then doing 'Blue Sky' work for DenSco, 'DenSco has regular sales of roll-over investments' and an 'ongoing roll-over of the existing investors every 6 months or so.'").

<sup>86</sup> Email dated January 12, 2014 from Mr. Chittick to Mr. Beauchamp ("*I've spent the day contacting every investor that has told me they want to give me more money... I feel like if all goes well, I'll have my money in total of ... 5-6 million in this time frame. ... that's my plan, shoot holes in it.*" [italics added]).

<sup>87</sup> Ibid.

<sup>88</sup> Email response dated January 12, 2014 from Mr. Beauchamp to Mr. Chittick ("You should feel very honored that you could raise that amount of money that quickly.").

<sup>89</sup> See, also, Mr. Chittick's entry in the DenSco Journal on February 21, 2014 ("I talked to Dave ... we talked about telling my investors, we are going to put that off as long as possible so that we can improve the situation as much as possible.").

Fifth, although Mr. Beauchamp claimed that he believed Mr. Chittick provided full disclosure to every investor about the fraud,<sup>90</sup> that is implausible based on the record I have reviewed. Mr. Beauchamp knew that Mr. Chittick did not want to make *any* disclosures until the Plan had been implemented and the damage contained. Further, although the Defendants assert to the contrary,<sup>91</sup> Mr. Beauchamp knew that there was no proper disclosure mechanism other than pursuant to a new or supplemental POM, and Mr. Beauchamp had neither provided nor reviewed any such documentation – oral disclosures by Mr. Chittick would have been insufficient (as Mr. Beauchamp acknowledged in his deposition).<sup>92</sup> Mr. Beauchamp’s claim that Mr. Chittick had provided full disclosure about the fraud is also inconsistent with the purported rationale for withdrawing from the representation of DenSco. In other words, had Mr. Chittick on his own in fact prepared and actually made such disclosures (as Mr. Beauchamp asserted he believed at the time, according to his deposition testimony), then presumably Mr. Beauchamp would have no reason for withdrawing based on Mr. Chittick’s supposed failure to have done so.

Sixth, it does not appear that the Defendants in fact provided DenSco with the necessary disclosures that they claim Mr. Chittick refused to send to investors. Although the Defendants prepared a draft markup of the 2011 POM (the “Draft 2014 POM”),<sup>93</sup> that draft – which failed to even mention the Menaged fraud – did not contain adequate disclosure of the problems that DenSco had suffered, nor of its failures to comply with the commitments made in the 2011 POM, nor of the magnitude of DenSco’s potential losses.<sup>94</sup> Further, it is not clear from the

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<sup>90</sup> See pages 343-344, lines 12-2, Deposition of Mr. Beauchamp (“Q. Mr. Beauchamp, are you telling me under oath that you thought from ... the end of January that he ... talked [to] every investor who had money in DenSco and told them about the fraud? ... A. Yes, I did believe he had.”); see, also, page 79, lines 3-6 (“he had assured me he wasn’t taking any new money or any rollover money, which was deemed new under the circumstances, from any investor without telling them exactly what was going on.”).

<sup>91</sup> See page 15, lines 1-2, Defendants’ DS (“There was no reason for Mr. Beauchamp to question whether Mr. Chittick was in fact providing disclosures to limited investors.”).

<sup>92</sup> See page v, 2011 POM (“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.” [quoted text was upper case bold in original]). See, also, page 161, lines 7-24, Deposition of Mr. Beauchamp (“His representations that he had advised everybody and told them to the contrary, we needed something much more formal than that.”).

<sup>93</sup> See Exhibit 11, Clark Hill invoice dated June 19, 2014 for services rendered through May 31, 2014 (“5/14/14 [Daniel A. Schenck]... Additional revisions to Private Offering Memorandum; finish first draft.”); pages 92-95, lines 7-8, Deposition of Daniel Schenck on June 19, 2018 (“Q. So it looks like you finished the first draft on May 14th, 2014, right? A. Yes.”). See, also, Exhibit 407 to the Deposition of Mr. Beauchamp, draft Confidential Offering Memorandum dated May 2014.

<sup>94</sup> While the Draft 2014 POM added a detailed (although incomplete) summary of the terms of the Forbearance Agreement, in my opinion such disclosure was inadequate for the following reasons. First, the added disclosure was buried on pages 39 and 40 of the 63-page Draft 2014 POM. Second, in neither the added disclosure nor anywhere else in the Draft 2014 POM did the

record I have reviewed that the Draft 2014 POM prepared by the Defendants was ever shared with Mr. Chittick.<sup>95</sup>

Seventh, in a letter Mr. Chittick sent to his sister, Shawna Heuer (also known as “Iggy”; the “Iggy Letter”),<sup>96</sup> Mr. Chittick repeatedly stated that Mr. Beauchamp never made him tell investors about the Menaged fraud.<sup>97</sup> The letter also stated, “Shame on him. He shouldn’t have allowed me. He even told me once I was doing the right thing.”<sup>98</sup>

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Defendants include any mention of either of the following material facts: (a) DenSco’s improper and risky funding procedures (i.e., wiring funds directly to the borrower instead of a trustee or escrow agent) led to the Menaged fraud; and (b) DenSco had been named as a defendant in the Freo Lawsuit. Third, although the added disclosure may have suggested otherwise, the remainder of the Draft 2014 POM remained unchanged from the 2011 POM with respect to the following material and prominent disclosures: (i) “[t]he proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds” (see page 2, Draft 2014 POM), even though the additional loans to Mr. Menaged and his affiliated entities under the Plan were being used to pay off the other lenders; (ii) “[t]he Company does not intend to exceed a maximum loan size of \$1,000,000.00” (see page 1, Draft 2014 POM), even though DenSco agreed in the Forbearance Agreement to loan Mr. Menaged and his affiliated entities up to \$6 million; (iii) “[t]he Company intends to maintain a loan-to-value ratio below 70% in the aggregate for all loans in the portfolio” (see page 1, Draft 2014 POM), even though presumably most if not all of the properties subject to the Forbearance Agreement had a loan-to-value ratio well in excess of 100% (see pages 39-40, Draft 2014 POM: “many of the Forbearance Properties having an aggregate loan-to-value ratio in excess of 100%”); and (iv) “one borrower [would] not comprise more than 10 to 15 percent of the total portfolio” (see page 37, Draft 2014 POM), even though it was apparent that Mr. Menaged and his affiliated entities materially exceeded that cap. And, fourth, the “Risk Factors” section of the Draft 2014 POM (beginning on page 12) was not updated to address any of the foregoing risks nor to add any disclosure of the risks associated with the prior sale of Notes pursuant to materially inaccurate and outdated disclosures, including potential exposure to claims for rescission and securities fraud.

<sup>95</sup> See Plaintiff’s DS ¶ 326 (“Neither the Clark Hill file nor Clark Hill’s billing statement reflect that Beauchamp ever sent the draft POM to Chittick or discussed it with him.”).

<sup>96</sup> DIC0009476, the Iggy Letter dated July 28, 2016, the date Mr. Chittick committed suicide. On that date, Mr. Chittick also prepared, but did not send out, a letter to investors. Instead, he sent the investor letter to Mr. Beauchamp and Ms. Heuer, instructing Ms. Heuer to let Mr. Beauchamp “handle it.” See Iggy Letter dated July 28, 2016 (“I decided not to send the investor letter out, but I sent it to my attorney and you ... Don’t share it with anyone. Let Dave Beauchamp – 480-684-1100, handle it (keep his name and number you may need it later. [sic] The legal consequences are going to be huge.”).

<sup>97</sup> Ibid (“Dave did a work out agreement with Scott ... yet Dave never made me tell the investors”; “I talked Dave my attorney in to allowing me to continue without notifying my investors.”; “Dave my attorney ... let me get the workout signed not tell the investors and try to fix the problem. That was a huge mistake.”).

<sup>98</sup> Ibid. See, also, excerpt from DenSco Journal dated July 31, 2014, maintained by Mr. Chittick (“It’s all going in the right direction, just not sure if it’s going fast enough. *As long as David doesn’t bug me, I feel like we are doing the right thing.*” [italics added]).

Eighth, because Mr. Chittick would have been required to disclose, among other things, DenSco's failures with respect to its first lien positions, loan-to-value ratios, and diversity of its borrowers, and the cause of such failures (including Mr. Chittick's negligence), as well as its exposure to civil and criminal consequences for securities fraud (including the possible right of all Noteholders to demand rescission), Mr. Beauchamp could not have reasonably believed that the sophisticated accredited investors targeted by DenSco would have been inclined to invest in Notes.

As to Mr. Beauchamp's claim that the Defendants withdrew in May 2014 when Mr. Chittick refused to send updated disclosures to investors, the record I have reviewed does not contain any written communication or other documentation to corroborate such claim.<sup>99</sup> In my experience, based on custom and practice, I would have expected under these circumstances that the Defendants would have communicated the fact of their withdrawal in writing to Mr. Chittick, and would have also had some form of internal documentation as well (i.e., to close the file).<sup>100</sup> In addition, although they were no longer working toward updating the POM,<sup>101</sup> the Defendants continued to provide, and bill for, legal services to DenSco through mid-July 2014,<sup>102</sup> and solicited additional legal work from DenSco as late as August 20, 2014<sup>103</sup> – which further suggests that they did not withdraw at the time they assert they did.

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<sup>99</sup> See Arizona Rules of Professional Conduct, Rule 1.3, Comment [4] (“If a lawyer has served a client over a substantial period in a variety of matters, the client sometimes may assume that the lawyer will continue to serve on a continuing basis unless the lawyer gives notice of withdrawal. Doubt about whether a client-lawyer relationship still exists should be clarified by the lawyer, *preferably in writing*, so that the client will not mistakenly suppose the lawyer is looking after the client's affairs when the lawyer has ceased to do so.” [italics added]).

<sup>100</sup> Not only did the Defendants not close their files, but Mr. Beauchamp continued to bill his time in 2016 to the “General” and “Business Matters” file matters that Clark Hill established in January 2014. See Plaintiff's DS ¶¶ 393(c) & 393(d).

<sup>101</sup> See pages 218-219, lines 24-1, Deposition of Mr. Beauchamp (“Q. Were you bugging [Mr. Chittick] to do a private offering memorandum in July 2014? A. No.”).

<sup>102</sup> See Exhibit 12, Clark Hill invoice dated July 19, 2014 for services rendered through June 31, 2014 (e.g., “06/11/14 DGB [David G. Beauchamp] Review and respond to multiple emails; transmit information to D. Chittick”; and “06/13/14 DAS [Daniel A. Schenck] Revise Authorization form and prepare new slip sheets for updated figures; attorney conference regarding Authorization form; prepare instruction letter to client”); Exhibit 13, Clark Hill invoice dated August 19, 2014, for services rendered through July 31, 2014 (e.g., “07/15/14 DGB Review, work on and respond to several emails; review documents, spread sheets and outline issues and additional schedule needed”; and “07/15/14 DAS Multiple correspondence regarding loan balance spreadsheets.”).

<sup>103</sup> See letters dated May 23, June 25, July 16 and August 20, 2014, from Mr. Beauchamp to Mr. Chittick, transmitting invoices for legal services (“Thank you again for allowing Clark Hill and me to provide legal services to DenSco Investment Corporation. If you have any question or *if we can assist you with any other matter(s), please let me know.*” [italics added]).

Although it is not at all clear from the record that the Defendants in fact withdrew, it is apparent that Mr. Chittick and Mr. Beauchamp had limited or no contact between July 2014 and March 2015. On March 13, 2015, Mr. Beauchamp emailed Mr. Chittick, expressing a desire to meet with Mr. Chittick, to discuss “how things have progressed for [Mr. Chittick] since [the prior] year.”<sup>104</sup> Mr. Beauchamp informed Mr. Chittick that he had been reflecting on the events surrounding the Menaged fraud, that he had second guessed himself about many things in the process, and that he wanted to protect Mr. Chittick as much as he could during the forbearance settlement process.<sup>105</sup> Mr. Beauchamp’s email suggests that the Defendants did not in fact withdraw, but rather Mr. Beauchamp just stopped calling Mr. Chittick so as to avoid any concerns Mr. Chittick might have had that he “was just trying to add more attorneys fees.”<sup>106</sup>

Mr. Chittick’s entries in the DenSco Journal regarding Mr. Beauchamp’s invitation to meet and their subsequent lunch meeting suggest that the Defendants did not in fact withdraw from representing DenSco, but rather were simply giving him time to implement his Plan. Mr. Chittick wrote in his DenSco Journal on March 13, 2015, “At 11pm I got an email from Dave my attorney wanting to meet. *He gave me a year to straighten stuff out we’ll see what pressure I’m under to report now.*”<sup>107</sup> In a further entry dated March 24, 2015 (the date of their lunch meeting), Mr. Chittick wrote, “I had lunch with David Beauchamp, *I was nervous he was going to put a lot of pressure on me.* However, he was thrilled to know where we were at and I told him by April 15<sup>th</sup>, we’ll be down to 16 properties with seconds on them ... *He said he would give me 90 days ... I’m going to slow down the whole memorandum process too.*”<sup>108</sup>

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<sup>104</sup> Email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick (“Denny: I would like to meet for coffee or lunch ... so we can sit down and talk about how things have progressed for you since last year. I also would like to listen to you about your concerns, and frustrations with how the forbearance settlement and the documentation process was handled ... I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could. When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees. I planned to call you after about 30 days, but then I let it slip all of last year because I kept putting it off. I even have tried to write you several different emails, but I kept erasing them before I could send them. I acknowledge you were justifiably frustrated and upset with the expense and how the other lenders (and Scott at times) seemed to go against you as you were trying to get things resolved last year for Scott. I have tried to let time pass so that we can discuss if you are willing to move beyond everything that happened and still work with me. If not, I would like you to know that I still respect you, what you have done and I would like to still consider you a friend. You stood up for Scott when he needed it and I truly believe it was more than just a business decision on your part.”).

<sup>105</sup> *Ibid.* Notably, Mr. Beauchamp did not state that he wanted to protect DenSco.

<sup>106</sup> *Ibid.* (“When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees.”). Had the Defendants in fact withdrawn, there would have been no basis for Clark Hill to charge DenSco for any such calls.

<sup>107</sup> Excerpt from DenSco Journal dated March 13, 2015 [italics added].

<sup>108</sup> Excerpt from DenSco journal dated March 24, 2015 [italics added].

Mr. Chittick and Mr. Beauchamp resumed actively working together again in 2016, when Mr. Beauchamp began helping Mr. Chittick with an issue involving an audit by the Arizona Department of Financial Institutions.<sup>109</sup> Mr. Beauchamp testified that, at that time, Mr. Chittick confirmed he had made full disclosure to DenSco's investors.<sup>110</sup> However, it does not appear that Mr. Beauchamp asked any questions or took any action to verify Mr. Chittick's alleged statement, and I have seen no evidence that such alleged statement was in fact true.

### C. Events Following Mr. Chittick's Suicide

In the months following Mr. Chittick's suicide on July 28, 2016, the Defendants continued representing DenSco.<sup>111</sup> Based on Clark Hill's invoices, it appears that beginning on July 30, 2016, and continuing at least through September 23, 2016, Mr. Beauchamp billed DenSco for matters relating to the wind down or transition of DenSco's business.<sup>112</sup> In August 2016, Mr. Beauchamp completed a New Business Intake Form to open a new matter for DenSco, entitled "Business Wind Down."<sup>113</sup> In completing the Form, Mr. Beauchamp affirmed that "a check [had] been run for any client, issue or business conflict," and checked the box indicating "no" in response to the inquiry "Is there any potential for a client, issue or business conflict?"

During this same time period, the Defendants began representing the Estate of Denny J. Chittick (the "Chittick Estate").<sup>114</sup> Also in August 2016, Mr. Beauchamp completed a New Business

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<sup>109</sup> See page 23, Defendants' DS ("Clark Hill stopped working with DenSco and Mr. Chittick in any capacity until 2016, when Mr. Chittick requested that Mr. Beauchamp assist with a very limited issue involving an audit by the Arizona Department of Financial Institutions.").

<sup>110</sup> See page 230, lines 4-8, Deposition of Mr. Beauchamp ("Q. Before you took him on as a client and billed him, did you ask him if he had ever complied with your advice and issued a new private offering memorandum? A. I had asked him if he had done full disclosure to his investors and he said yes.").

<sup>111</sup> See, e.g., Exhibit 425, Affidavit of Ryan Lorenz dated June 21, 2017 (in which Mr. Lorenz, a "member in the firm of Clark Hill," confirmed that after Mr. Chittick's death, "the Firm transitioned the subject matter of its work to advice and guidance to DenSco to assist it in winding down its business.").

<sup>112</sup> See Clark Hill invoices dated August 10, 2016 (e.g., time entry on July 30, 2106 referencing "Telephone call ... regarding transition after death of D. Chittick"), September 12, 2016 ("RE: Business Wind Down") and October 18, 2016 ("RE: Business Wind Down"). Such invoices reflect that Mr. Beauchamp recorded 164.8 hours of services from July 30, 2016 through September 23, 2016.

<sup>113</sup> Clark Hill New Business Intake Form, Exhibit 708 to Deposition of Edward Joseph Hood, the Co-General Counsel of Clark Hill, on February 8, 2019. Although the Form appears to have been approved by Mr. Beauchamp on August 23, 2016, as indicated in the Clark Hill invoices Mr. Beauchamp began billing his time to this new matter on August 1, 2016.

<sup>114</sup> See Exhibit 213 to Deposition of Mr. Beauchamp, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors ("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.").

Intake Form for the Chittick Estate as a new client.<sup>115</sup> In completing this Form, Mr. Beauchamp also affirmed that “a check [had] been run for any client, issue or business conflict,” and checked the box indicating “no” in response to the inquiry “Is there any potential for a client, issue or business conflict?”. Clark Hill entered into an engagement letter with Mr. Chittick’s sister, Shawna Heuer, dated August 2, 2016, with respect to the Chittick Estate.<sup>116</sup>

Despite the fact that Mr. Beauchamp indicated on both New Business Intake Forms that there was no potential for a conflict of interest, Mr. Beauchamp testified that he had “extensive” discussions with Ms. Heuer regarding the attorney-client relationship, including potential conflicts that he and Clark Hill had with respect to representing DenSco, and that Clark Hill was concerned about potential claims that could be made against it regarding Mr. Beauchamp’s representation of DenSco.<sup>117</sup> In addition, Edward Joseph Hood, the Co-General Counsel of Clark Hill, testified that, as of early August 2016, “it was a possibility” that Clark Hill could reasonably anticipate that a receiver for DenSco might sue the firm for damages.<sup>118</sup> I have seen no evidence in the record I have reviewed of any conflict waivers provided by or on behalf of either DenSco or the Chittick Estate.

With the assistance of Clark Hill as counsel to the Chittick Estate, Ms. Heuer was appointed the personal representative of the Chittick Estate on August 4, 2016.<sup>119</sup> Mr. Beauchamp testified that the Defendants resigned from representing the Chittick Estate immediately after the probate proceeding,<sup>120</sup> although the record I have reviewed does not contain any paperwork terminating

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<sup>115</sup> Exhibit 707 to Deposition of Mr. Hood, Clark Hill New Business Intake Form. This Form appears to have been approved by Mr. Beauchamp on August 3, 2016.

<sup>116</sup> Exhibit 707, Deposition of Mr. Hood.

<sup>117</sup> See pages 447-448, lines 19-15, Deposition of Mr. Beauchamp (“Q. Did you have a discussion with Shawna about what the attorney/client relationship was with her, with respect to your representation of DenSco? A. Yes, extensive. Q. Did you discuss with her potential conflicts of interest that you and Clark Hill would have with respect to representing DenSco? A. Yes. ... Q. Did you disclose to her that Clark Hill was concerned about potential claims that could be made against Clark Hill regarding your representation of DenSco? A. Yes.”).

<sup>118</sup> See page 140, lines 10-20, Deposition of Mr. Hood (“Q. All right. On August 2nd, August 3rd, 2016, with all of the information that Clark hill [sic] knew, could Clark Hill reasonably anticipate that a receiver might sue Clark Hill for damages? ... THE WITNESS: ... I suppose it was a possibility”). See also page 145, Deposition of Mr. Beauchamp (referring to a letter dated August 9, 2016 from Kevin Merritt of Gammage & Burnham to Mr. Beauchamp: “Since you are meeting with Wendy, for the moment it seems that you are still representing DenSco in some capacity. *While you have conflict issues, do you expect Clark Hill to have to resign from all representations* or do you think Clark Hill can continue to represent the estate since your firm filed the probate, or is it still being sorted through?” [italics added]).

<sup>119</sup> See Exhibit 216, Deposition of Mr. Beauchamp, Letters of Appointment of Personal Representative and Acceptance of Appointment as Personal Representative, submitted by Clark Hill, signed by Clerk of the Superior Court on August 4, 2016.

<sup>120</sup> See page 476, lines 5-20, Deposition of Mr. Beauchamp (“Let’s turn to Exhibit 216. And just to get it in our timeframe, this is the probate petition ... for the appointment of a personal representative for Mr. Chittick’s estate. A. Correct. Q. So it’s filed on August 4th, and Clark Hill is representing the petitioner, right? A. And we resigned immediately after this. Q. Right. And

the attorney-client relationship with the Chittick Estate. However, on August 15, 2016, Mr. Beauchamp, in responding to an email inquiry from a title insurance company, stated that the Defendants were no longer counsel to the Chittick Estate, and that they had resigned “[d]ue to potential conflicts of interest.”<sup>121</sup> Mr. Beauchamp’s former firm, Gammage & Burnham, became legal counsel for the Chittick Estate.

Despite concerns with respect to such conflicts of interest, on August 3, 2016, Mr. Beauchamp began corresponding directly with DenSco’s investors stating his intent “to determine the best procedure to close down DenSco’s business and return the capital contributed by DenSco’s investors.”<sup>122</sup>

In his email to investors on August 3, 2016, Mr. Beauchamp suggested that it was not in the financial interests of the investors to have a receiver or trustee appointed to conduct the wind down of DenSco (nor in the financial interests of any investor to have a supervisory role by being appointed to DenSco’s board of directors):

“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....* In order to maximize the available return to all of the Investors ... 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.... If we are going to proceed informally to keep costs down, ... 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 be used to cost-effectively help DenSco recover funds that are owed to DenSco. *We intend to structure*

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this was the issue you said you had a discussion with her about the conflict of interest and she waived it. True? ... A. I had the discussion, Michelle Tran had the discussion, and, yeah, that was one of the several conversations.”).

<sup>121</sup> Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Chris Hyman, Executive Vice President, American Title Service Agency (“Given the need to move quickly on certain items, we only represented the Estate so that a Personal Representative would be appointed for The Estate right away. Due to potential conflicts of interest, we have resigned as counsel to the Estate and new counsel has been appointed or is being appointed for the Estate. ... Gammage & Burnham will be representing the Estate going forward.”).

<sup>122</sup> Exhibit 213 to Deposition of Mr. Beauchamp, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (in which Mr. Beauchamp also indicates that part of the DenSco wind down includes the “need to better understand ... claims that DenSco has against either Auction.com or Scott Menaged (*or some other parties*)” [italics added]).



*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.”<sup>123</sup>

Similarly, in his email correspondence with investors on August 8 and 9, 2016, Mr. Beauchamp suggested that it was not in the financial interests of the investors to have the Securities Division of the Arizona Corporation Commission take an active role either:

“We need to be willing but not overly anxious to turn it over to the Securities Division. Several people in government made names and careers with the Mortgages Ltd. matter and we do not want this to turn into anything like that.”<sup>124</sup>

“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.”<sup>125</sup>

In contrast, at the court hearing to appoint a receiver little more than one week later, both new counsel for Chittick’s Estate’s, Mr. Polese of Gammage & Burnham, and Wendy Coy, Director of Enforcement, Securities Division, Arizona Corporation Commission, testified that it was urgent that a receiver be appointed.<sup>126</sup>

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<sup>123</sup> See Exhibit 213, email dated August 3, 2016 (11:35 pm) from Mr. Beauchamp to DenSco investors [italics added]. Curiously, it appears that earlier in the day, Mr. Beauchamp was instructed by the Director of Enforcement, Securities Division, Arizona Corporation Commission, that a receiver in fact may need to be appointed. See Exhibit 217 to Deposition of Mr. Beauchamp, letter dated August 4, 2016 from Wendy Coy, Director of Enforcement, Securities Division, Arizona Corporation Commission, to Mr. Beauchamp (“Thank you for contacting the Securities Division yesterday. I appreciate your willingness to speak with us and to take control of a very sad and problematic situation. We look forward to working with you to resolve any issues that may arise.... In addition, we discussed that *no assets should be dissipated until a receiver and/or a forensic accountant has reviewed the books and records of DenSco Investments Corporation and a plan is in place regarding the business.*” [italics added]).

<sup>124</sup> Exhibit 256, Deposition of Mr. Beauchamp, email dated August 9, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors.

<sup>125</sup> Exhibit 256, Deposition of Mr. Beauchamp, email dated August 8, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors.

<sup>126</sup> See Reporter’s Transcript of Digital Recording (pages 5-6, Mr. Polese: “In fact, we think the receiver needs to be appointed as soon as possible.... Everybody knows that we need to get somebody in place to protect the good notes that are out there that -- that are going to be collected”; page 6, Ms. Coy: “We, too, agree and believe that a receiver needs to be immediately appointed.”).

Mr. Beauchamp continued communicating directly with investors.<sup>127</sup> In addition, it appears that Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco. The time entries in the Clark Hill invoices for August and September 2016 (especially prior to the appointment of the Receiver) suggest that Mr. Beauchamp was much more involved in the wind down aspects of DenSco's business than, in my opinion, attorneys normally would be, and doing so with limited supervision or oversight by, or instruction from, an authorized and competent representative of his client DenSco.<sup>128</sup> Further, in the absence of a receiver or trustee, Mr. Beauchamp should have reasonably expected that he would bear considerable responsibility for the multitude of non-legal tasks required to liquidate DenSco's assets and wind down its business – e.g., collecting, properly handling, and accounting for funds received from borrowers; negotiating with borrowers and/or pursuing foreclosure proceedings; monitoring, analyzing and monetizing all other loans; completing projects and selling properties where appropriate; valuations; allocating and distributing funds to investors; and maintaining books and records, preparing financial statements; filing tax returns and paying taxes, reporting interest income of investors, and numerous other tasks.<sup>129</sup>

On August 17, 2016, the Arizona Corporation Commission filed legal action alleging that DenSco violated various Arizona securities laws.<sup>130</sup> The Arizona Corporation Commission requested that the court appoint a receiver to preserve DenSco's assets for the benefit of its

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<sup>127</sup> See, e.g., email dated August 20, 2016 from an investor, Robert Brinkman ("Mr. Beauchamp ... Can you please let me know if there was a POM for 2013 and 2015 or if 2011 was the last POM?"), to which Mr. Beauchamp responds one day later ("My law firm started preparing the 2013 POM, but we were put on hold. After the Forbearance agreement [sic] was signed by Scott Menaged, we started to amend the 2013 draft POM, but we stopped and withdrew as securities Counsel [sic] for DenSco. Denny was supposed to get other counsel and finish the POM in 2014, but I do not know if that happened. After that issue, I only was asked to help DenSco with the audit by the AZ Department of Financial Institutions.")). See also Exhibit 709, Deposition of Mr. Hood, letter dated August 9, 2016 from Scott A. Swinson (attorney for Mr. Brinkman) to Michelle Tran at Clark Hill ("I represent Rob Brinkman, as an investor/creditor of DenSco Investment Corporation. He has forwarded to me the various e-mails regarding DenSco [sic] generated by Mr. Beauchamp. From some of the statements Mr. Beauchamp has made in his e-mails, it sounds as though your firm represented either Mr. Chittick and/or DenSco prior to Mr. Chittick's death. If this is in fact the case, *I would appreciate a confirmation from your firm that you have considered the potential of a conflict of interest in your representation of the Chittick estate and you [sic] determination that no conflict exists.*" [italics added]).

<sup>128</sup> See, e.g., Clark Hill invoice time entries for 8/17/16 ("several telephone calls ... regarding loan payoffs, issues and procedure"); 8/19/16 and 8/23/16 ("several telephone calls with escrow agents, borrowers and real estate agents concerning loan payoffs, issues and procedure"). See also page 27, lines 2-3, Defendants' DS ("Ms. Heuer had no knowledge of DenSco's business, records, or hard money lending in general.").

<sup>129</sup> See section entitled "DenSco was a 'One-Man Shop'" below.

<sup>130</sup> Verified Complaint dated August 17, 2016 *Arizona Corporation Commission, Plaintiff v. DenSco, Defendant.*

investors.<sup>131</sup> On August 18, 2016, the court held a receivership hearing and appointed Peter Davis as the Receiver for the assets of DenSco.<sup>132</sup>

Although he made a contrary statement only one week prior,<sup>133</sup> at the receivership hearing Mr. Beauchamp testified that “he concurrently represented both DenSco and Denny Chittick personally.”<sup>134</sup> That assertion created certain joint attorney-client privilege issues that complicated and delayed the Receiver’s ability to obtain and utilize DenSco’s files from Clark Hill.<sup>135</sup> Accordingly, to obtain and utilize certain DenSco files in this Case, the Receiver needed to obtain a waiver of privilege from the Chittick Estate, which delayed the Receiver’s receipt of DenSco’s files and its ability to bring claims against the Defendants.

On December 9, 2016, the Receiver filed a Notice of Claim against the Chittick Estate based on the frauds perpetrated by Mr. Menaged and asserted, among other things, claims that Mr. Chittick breached his fiduciary duties owed to DenSco.<sup>136</sup>

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<sup>131</sup> See paragraph 23, Verified Complaint dated August 17, 2016 *Arizona Corporation Commission, Plaintiff v. DenSco, Defendant* (“The ACC requests this Court appoint a Receiver on an interim basis to take control of the assets of DenSco and to marshal and preserve its assets for the benefit of the defrauded investors.”).

<sup>132</sup> See page 1, Preliminary Report of Peter S. Davis, as Receiver of DenSco dated September 19, 2016 (“On August 18, 2016, Peter Davis (“Receiver”) was appointed the Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court.”).

<sup>133</sup> See Mr. Beauchamp’s letter dated August 10, 2016 to Ms. Coy, in which he claimed “I have not previously represented Denny Chittick.” But see pages 118-119, lines 23-9, Deposition of Mr. Beauchamp (Mr. Beauchamp asserted that he took action to correct the statement made to Ms. Coy).

<sup>134</sup> See Exhibit 317, email dated August 30, 2016 from Kevin Merritt (attorney for the Chittick Estate, and also Mr. Beauchamp’s former colleague at Gammage & Burnham) to Mr. Beauchamp and Ryan Anderson (an attorney representing the Receiver), copying the Receiver, Mr. Polese (attorney for the Chittick Estate), among others (“I would like to remind everyone that David testified at the receivership hearing that he concurrently represented both DenSco and Denny Chittick, personally.”); see also email dated August 15, 2016 from Mr. Polese to Ms. Coy, copying Mr. Beauchamp, among others (“It is my view and that of Dave Beauchamp, Denny viewed David as both his company attorney and personal attorney.”). See pages 133-134, lines 7-11, Deposition of Mr. Beauchamp (“Based on the information that I have now ... I would say it’s not true [that “Mr. Chittick considered that I was his counsel as well as counsel for DenSco”]. ... At the time I did this declaration [draft received August 17, 2016], I had a different understanding of what counsel was, ... I have since understood that, no, I’m representing the company”).

<sup>135</sup> See, e.g., Order Appointing Receiver dated August 18, 2016 (“It is further ordered the Receiver may not waive the attorney-client privilege as to Chittick’s communications with Beauchamp without the Estate’s consent. The Receiver must obtain court approval before waiving the privilege as to DenSco if the Estate does not consent to the waiver.”).

<sup>136</sup> See Notice of Claim Against Estate of Denny J. Chittick filed December 9, 2016 (“the Receiver has the following claims against Chittick: Conversion, common law fraud, breach of fiduciary duty as director and officer of DenSco, fraudulent transfer (both actual and

On September 14, 2017, the Receiver filed a petition seeking to initiate this Case. That petition was granted on October 10, 2017, and the Complaint in this Case was filed on October 16, 2017.<sup>137</sup>

### III. APPLICABLE STANDARD OF CARE

The standard of care generally applicable to the Defendants required the exercise of that degree of skill, care and knowledge commonly exercised by a member of the legal profession in similar circumstances.

#### A. General Application

Both the Model Rules of Professional Conduct adopted by the American Bar Association and the Restatement of the Law (Third), The Law Governing Lawyer's Civil Liability, adopted by the American Law Institutes, provide guidance in this regard:

- § 50 Duty of Care to a Client, Restatement of the Law (Third): "For purposes of liability ..., a lawyer owes a client the duty to exercise care within the meaning of § 52 in pursuing the client's lawful objectives in matters covered by the representation."
- § 52 The Standard of Care, Restatement of the Law (Third): "a lawyer who owes a duty of care must exercise the competence and diligence normally exercised by lawyers in similar circumstances."
- § 16A Lawyer's Duties to a Client – In General, Restatement of the Law (Third): "To the extent consistent with the lawyer's other legal duties and subject to the other provisions of this Restatement, a lawyer must, in matters within the scope of the representation: (1) proceed in a manner reasonably calculated to advance a client's lawful objectives, as defined by the client after consultation; (2) act with reasonable competence and diligence; [and] (4) fulfill valid contractual obligations to the client."
- Rule 1.1 (Competence) of the Model Rules of Professional Conduct: "A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation."<sup>138</sup>

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constructive) pursuant to A.R.S §§ 44-1004 et seq., unjust enrichment, or, alternatively, gross negligence or negligence as an officer or director of DenSco."). See also Plaintiff's DS ¶ 408.

<sup>137</sup> See Plaintiff's DS ¶¶ 413 & 415.

<sup>138</sup> See, also, Model Rules of Professional Conduct, Rule 1.1, Comment [1] ("In determining whether a lawyer employs the requisite knowledge and skill in a particular matter, relevant factors include the relative complexity and specialized nature of the matter, the lawyer's general experience, the lawyer's training and experience in the field in question, the preparation and study the lawyer is able to give the matter. ... Expertise in a particular field of law may be required in some circumstances."); and Comment [5] ("Competent handling of a particular matter includes inquiry into and analysis of the factual and legal elements of the problem, and

- Rule 1.3 (Diligence) of the Model Rules of Professional Conduct: “A lawyer shall act with reasonable diligence and promptness in representing a client.”<sup>139</sup>
- Preamble (A Lawyer’s Responsibilities) [20] to the Model Rules of Professional Conduct: “since the Rules do establish standards of conduct by lawyers, a lawyer’s violation of a Rule may be evidence of breach of the applicable standard of conduct.”

Further, lawyers may not assist a client in conduct the lawyer knows is fraudulent. This prohibition is contained in paragraph (d) of Rule 1.2 (Scope of Representation and Allocation of Authority between Client and Lawyer), and illuminated in certain of the Comments to the Rule:

- “Comment [10]: When the client’s course of action has already begun and is continuing, the lawyer’s responsibility is especially delicate. The lawyer is required to avoid assisting the client, for example, by drafting or delivering documents that the lawyer knows are fraudulent or by suggesting how the wrongdoing might be concealed. A lawyer may not continue assisting a client in conduct that the lawyer originally supposed was legally proper but then discovers is criminal or fraudulent. The lawyer must, therefore, withdraw from the representation of the client in the matter. See Rule 1.16(a).  
...
- Comment [11]: Where the client is a fiduciary, the lawyer may be charged with special obligations in dealings with a beneficiary.”

Lawyers take on enhanced responsibilities when the client is an organization, because an organization can only act through its individual representatives, who are not the client. See, for example, Rule 1.13 (Organization as Client) of the Model Rules of Professional Conduct:

- “(a) A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents.

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use of methods and procedures meeting the standards of competent practitioners. It also includes adequate preparation. The required attention and preparation are determined in part by what is at stake; major litigation and complex transactions ordinarily require more elaborate treatment than matters of lesser consequence.”).

<sup>139</sup> See, also, Model Rules of Professional Conduct, Rule 1.3, Comment [3] (“A client’s interests often can be adversely affected by the passage of time ....”); and Comment [4] (“Unless the relationship is terminated as provided in Rule 1.16, a lawyer should carry through to conclusion all matters undertaken for a client. ... If a lawyer has served a client over a substantial period in a variety of matters, the client sometimes may assume that the lawyer will continue to serve on a continuing basis unless the lawyer gives notice of withdrawal. Doubt about whether a client-lawyer relationship still exists should be clarified by the lawyer, *preferably in writing*, so that the client will not mistakenly suppose the lawyer is looking after the client’s affairs when the lawyer has ceased to do so.” [italics added]).

- (b) If a lawyer for an organization knows that an officer, employee or other person associated with the organization is engaged in action, intends to act or refuses to act in a matter related to the representation that is a violation of a legal obligation to the organization, or a violation of law that reasonably might be imputed to the organization, and that is likely to result in substantial injury to the organization, then the lawyer shall proceed as is reasonably necessary in the best interest of the organization.<sup>140</sup>

Lawyers must also be sensitive to conflicts of interest, both among clients and between clients and themselves. See, for example, Rule 1.7 (Conflict of Interest: Current Clients) of the Model Rules of Professional Conduct:

- “(a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if: (1) the representation of one client will be directly adverse to another client; or (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer’s responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.<sup>141</sup>

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<sup>140</sup> See, also, Model Rules of Professional Conduct, Rule 1.13, paragraph (c) (“[...] if (1) despite the lawyer’s efforts in accordance with paragraph (b) the highest authority that can act on behalf of the organization insists upon or fails to address in a timely and appropriate manner an action, or a refusal to act, that is clearly a violation of law, and (2) the lawyer reasonably believes that the violation is reasonably certain to result in substantial injury to the organization, then the lawyer may reveal information relating to the representation whether or not Rule 1.6 permits such disclosure, but only if and to the extent the lawyer reasonably believes necessary to prevent substantial injury to the organization.”); and Comment [3] (“Paragraph (b) makes clear, however, that when the lawyer knows that the organization is likely to be substantially injured by action of an officer or other constituent that violates a legal obligation to the organization or is in violation of law that might be imputed to the organization, *the lawyer must proceed as is reasonably necessary in the best interest of the organization*. As defined in Rule 1.0(f), knowledge can be inferred from circumstances, and *a lawyer cannot ignore the obvious*.” [italics added]).

<sup>141</sup> See, also, Model Rules of Professional Conduct, Rule 1.7, Comment [1] (“Loyalty and independent judgment are essential elements in the lawyer’s relationship to a client. Concurrent conflicts of interest can arise from the lawyer’s responsibilities to another client ... or from the lawyer’s own interests.”); Comment [2] (“Resolution of a conflict of interest problem under this Rule requires the lawyer to: 1) clearly identify the client or clients; 2) determine whether a conflict of interest exists; 3) decide whether the representation may be undertaken despite the existence of a conflict, i.e., whether the conflict is consentable; and 4) if so, consult with the clients affected under paragraph (a) and obtain their informed consent, confirmed in writing.”); Comment [3] (“A conflict of interest may exist before representation is undertaken, in which event *the representation must be declined*, unless the lawyer obtains the informed consent of each client ...”); Comment [6] (“... absent consent, a lawyer may not act as an advocate in one matter against a person the lawyer represents in some other matter, *even when the matters are wholly unrelated*.” [italics added]); Comment [8] (“Even where there is no direct adverseness, *a conflict of interest exists if there is a significant risk that a lawyer’s ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited*”).

- (b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if: ... (4) each affected client gives informed consent, confirmed in writing.”

Under certain circumstances, a lawyer must withdraw from an attorney-client representation. See, for example, Rule 1.16 (Declining or Terminating Representation) of the Model Rules of Professional Conduct:

- “(a) ... a lawyer shall not represent a client or, where representation has commenced, shall withdraw from the representation of a client if: (1) the representation will result in violation of the rules of professional conduct or other law; ....”<sup>142</sup>

The Rules of Professional Conduct in Arizona (where DenSco was based and Mr. Beauchamp was admitted to practice) are consistent with such Model Rules of Professional Conduct adopted by the American Bar Association.<sup>143</sup>

In the course of working on a matter, lawyers sometimes make mistakes. However, not every mistake made by a lawyer is considered a violation of the standard of care. Instead, a violation of the standard of care happens when a lawyer handles a matter inappropriately due to a failure to exercise the ordinary care of a reasonably competent lawyer in the same or similar circumstances. The mistake must be viewed within the context of the facts and circumstances of the particular engagement, specifically considering whether the mistake made under such circumstances rises to the level of violating the standard of care. A lawyer may be liable only if the mistake rises to the level of violating the standard of care.

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*as a result of the lawyer’s other responsibilities or interests. ... The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.” [italics added];* and Comment [10] (“The lawyer’s own interests should not be permitted to have an adverse effect on representation of a client. For example, *if the probity of a lawyer’s own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice.*”).

<sup>142</sup> See, also, Model Rules of Professional Conduct, Rule 1.16, Comment [2] (“A lawyer ordinarily must decline or withdraw from representation if the client demands that the lawyer engage in conduct that is illegal or violates the Rules of Professional Conduct or other law.”). See also Model Rules of Professional Conduct, Rule 1.2, Comment [10] (“In some cases, withdrawal alone might be insufficient. It may be necessary for the lawyer to give notice of the fact of withdrawal and to disaffirm any opinion, document, affirmation or the like.”).

<sup>143</sup> See Arizona Rules of Professional Conduct, <https://www.azbar.org/ethics/rulesofprofessionalconduct/>. One difference between the Model Rules of Professional Conduct and the Arizona Rules of Professional Conduct is worth noting here: Comment [11] of Rule 1.2 of the Arizona Rules of Professional Conduct makes clear that “a lawyer may be required to disclose information relating to the representation to avoid being deemed to have assisted the client’s crime or fraud.”

It is important to evaluate compliance with the standard of care in each instance where relevant. The facts and circumstances of each engagement, and with respect to each task within each engagement, are different and often unique, and compliance must be measured by taking into account the particular facts and circumstances of each such engagement and task. And because the proper exercise of the standard of care is dependent on the knowledge of the lawyer, the particular facts and circumstances should take into account the information that the lawyer knew or should have known at all relevant times.

Further, in evaluating compliance with the standard of care, it is important to note the distinction between standard of care and best practices. While standard of care refers to the exercise of that degree of skill, care and knowledge commonly exercised by a member of the legal profession in similar circumstances, best practices is a much higher standard, one to which lawyers should aspire. Lawyers may be liable for failing to meet the standard of care, but not for failing to engage in best practices.

In my experience, when a lawyer or law firm takes on a new client engagement, there is an allocation of tasks and other responsibilities as between the lawyers, on the one hand, and the client or the client's other advisors, agents and representatives, on the other hand. Sometimes such allocations are expressly addressed in an engagement letter or some other documentation, but quite frequently such allocations are casually discussed, or even implicitly understood, between lawyers and their clients based on prior history, course of conduct and/or reasonable expectations. And when the client is an entity with limited personnel, and no in-house legal team, the lawyer should reasonably expect that he or she may need to play a more active role in the course of the attorney-client relationship, than under other circumstances.

Regardless of the allocation of responsibilities between the client and the lawyer, an experienced lawyer engaged on a legal matter is expected to have greater experience and expertise in that particular area of the law, especially where the lawyer has worked on similar matters in the specific area of the law many times, such as in securities offerings. The applicable standard of care may require that the lawyer take the time to ensure that the client understands its responsibilities and that it is capable of performing such responsibilities, and that the lawyer properly coordinates the client's responsibilities with the lawyer's responsibilities. For example, the applicable standard of care may require that the lawyer pay special attention to the adequacy of disclosures made in a securities offering, particularly when the offering is done on a continuous basis.

In addition, a law firm is generally subject to civil liability for the acts or omissions of any principal of the firm who was acting in the ordinary course of the firm's business.<sup>144</sup> "When a client retains a lawyer with [an affiliation with a law firm], the lawyer's firm assumes the

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<sup>144</sup> Restatement (Third) of the Law Governing Lawyers § 58 (2000) ("A law firm is subject to civil liability for injury legally caused to a person by any wrongful act or omission of any principal or employee of the firm who was acting in the ordinary course of the firm's business or with actual or apparent authority.").



authority and responsibility of representing that client, unless the circumstances indicate otherwise ... and the firm is liable to the client for the lawyer's negligence."<sup>145</sup>

## B. Securities Laws

From the early 2000s to at least mid-2014,<sup>146</sup> Mr. Beauchamp provided securities advice to DenSco in connection with its offer and sale of Notes.<sup>147</sup> He "advised DenSco regarding its Private Offering Memoranda, which DenSco generally updated every two years. He helped draft the 2003, 2005, 2007, 2009 and 2011 POMs."<sup>148</sup> Because of his role as securities counsel for DenSco, the standard of care applicable to Mr. Beauchamp required a basic understanding of securities law applicable to DenSco's offering of Notes, including the following.

The issuance of securities is regulated by federal and state law. Under both the federal Securities Act of 1933 and the Arizona Securities Act, the offer and sale of securities must be registered with the appropriate regulatory agency (i.e., the SEC or the Arizona Corporation Commission, respectively), or be subject to an exemption from such registration. Issuers must strictly adhere to the requirements of an exemption, as the failure to do so results in an unlawful offering, with the accompanying penalties and liabilities, including potential criminal liability. DenSco's offerings were intended to fall within the "private placement" exemption from registration pursuant to Regulation D promulgated under the Securities Act of 1933.<sup>149</sup>

Although Regulation D itself does not mandate that any specific disclosures be provided to investors that are "accredited investors,"<sup>150</sup> other provisions of the securities laws regulate disclosures provided to investors, including pursuant to a private placement. For example, SEC

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<sup>145</sup> *Staron v. Weinstein*, 701 A.2d 1325 (N.J. Super. Ct. App. Div. 1997) at 1328 (citing Restatement (Third) of the Law Governing Lawyers § 79 (Tentative Draft No. 8, 1997) [ellipses in original]).

<sup>146</sup> See pages 3-4, Defendants' DS.

<sup>147</sup> See pages 2-3, Defendants' DS.

<sup>148</sup> Page 5, lines 7-8, Defendants' DS; see, also, pages 256-257, lines 22-3, Deposition of Mr. Beauchamp (Mr. Beauchamp testified that it was his practice to revise the POM every two years based on a suggestion "made by a former SEC official, that given the nature of this industry, two years would be an appropriate time. However, if something material happened before then, you need to tell your client this has to be disclosed.").

<sup>149</sup> See page ii, 2011 POM ("The Notes are offered pursuant to exemptions provided by Section 4(2) of the [Securities Act of 1933]; Regulation D thereunder, certain state securities laws and certain rules and regulations promulgated pursuant thereto." [quoted text was upper case bold in original]).

<sup>150</sup> Defined in Rule 501(a) of Regulation D to include high net worth individuals and certain other persons or entities. Rule 502(b) of Regulation D specifies the type of information that must be furnished "a reasonable time prior to sale" to any purchaser that is not an accredited investor. It is good practice to provide such information to accredited investors in addition to non-accredited investors.

Rule 10b-5, promulgated under Section 10(b) of the Securities Exchange Act of 1934,<sup>151</sup> provides that it is unlawful, in connection with the sale of securities, “to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.”<sup>152</sup>

Disclosures that are provided to investors in a private placement offering are typically contained in a written document, often called a private offering memorandum. Such a POM is a disclosure document used to solicit investment in private securities transactions. A POM is provided to prospective investors to provide such investors with information regarding the issuer and the securities it intends to issue. Generally, a POM describes the business, the investment opportunity, the associated risks, the management team, historical performance and expected performance of the business. Disclosures made in a POM are regulated under the federal securities laws by, among other laws and rules, Rule 10b-5. DenSco’s POMs offered Notes according to the terms set forth therein.

An important concept to bear in mind in private placement offerings is called “integration.” Essentially, Regulation D provides that all sales that are part of the same private placement offering are integrated, such that each and every sale of a security must meet all of the requirements for offerings pursuant to Regulation D.<sup>153</sup> In other words, unless the offerings of Notes by DenSco pursuant to its various sequential POMs were not of the “same or a similar class” as the Notes offered pursuant to the immediately prior POM, or such offerings were separated by at least six months, then under Regulation D *all* sales of Notes by DenSco would be integrated and treated as a single continuous offering (notwithstanding language to the contrary in the POMs).<sup>154</sup> As a result, if the sale of even a single Note was not made in compliance with the requirements of Regulation D, then by virtue of integration, the private placement exemption

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<sup>151</sup> The 2011 POM prepared by Mr. Beauchamp incorrectly refers to this provision of federal securities laws as “Section 10b-5.” See page 24.

<sup>152</sup> 17 CFR 240.10b-5 [Employment of manipulative and deceptive devices]; see also Arizona Revised Statutes Section 44-1991 [Fraud in purchase or sale of securities] (“It is a fraudulent practice and unlawful for a person, in connection with a transaction or transactions within or from this state involving an offer to sell or buy securities, or a sale or purchase of securities, ... directly or indirectly to do any of the following: ... 2. Make any untrue statement of material fact, or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”).

<sup>153</sup> Rule 502(a) of Regulation D (“All sales that are part of the same Regulation D offering must meet all of the terms and conditions of Regulation D. Offers and sales that are made more than six months before the start of a Regulation D offering or are made more than six months after completion of a Regulation D offering will not be considered part of that Regulation D offering, so long as during those six month periods there are no offers or sales of securities by or for the issuer that are of the same or a similar class as those offered or sold under Regulation D, other than those offers or sales of securities under an employee benefit plan as defined in rule 405 under the [Securities Act of 1933].”).

<sup>154</sup> See page (i), 2011 POM (“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.”).

may have been rendered unavailable – resulting in an unlawful offering with respect to the sale of all Notes.

Continuous offerings, such as those conducted by DenSco, are especially challenging due to the continuous and uninterrupted obligation to be compliant with the exemption and other legal requirements. For example, under both federal and Arizona law, there is a risk that issuers may be committing securities fraud if they fail to provide current and accurate disclosures to investors in connection with the sale of securities. As a result, because of the continuous nature of its securities offerings, DenSco needed to be able to timely update the disclosures provided to investors so as to correct any material misstatement or omission before such investors purchased (or committed to purchase) DenSco securities.<sup>155</sup> This would require both the constant monitoring of the accuracy of the content of the POMs and the ability to promptly correct and distribute updated disclosures.

In my opinion, the applicable standard of care would require that Mr. Beauchamp be aware of at least the following requirements under the federal securities laws and advise his client DenSco accordingly:

- The offer and sale of all Notes was subject to compliance by DenSco with Regulation D and Rule 10b-5.
- If at any point in time, the applicable POM was no longer in compliance with Rule 10b-5, DenSco must immediately cease offering and selling Notes (whether to new or existing investors, and whether for new monetary consideration or in consideration of the rollover of Notes).
- In the event that the applicable POM was no longer in compliance with Rule 10b-5, DenSco must not resume offering or selling Notes unless and until updated and compliant disclosures are provided to investors.
- Because of the continuous nature of the offerings, both pursuant to each individual POM and presumably across all POMs, the apparently arbitrary two-year time period limitation imposed by Mr. Beauchamp and as set forth in the POMs would have had no impact on integration or compliance under Regulation D and Rule 10b-5.

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<sup>155</sup> See page 24, 2011 POM (“In order to continue offering the Notes during this [two year] 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 [sic] of the Securities Act for employing 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.*” [italics added]). See, also, pages 92-95; lines 7-8, Deposition of Daniel Schenck on June 19, 2018 (“My understanding would be that [the POM] needs to be amended, you know, when there is new information or a change in circumstances from what’s described in there. That was my understanding”).

- DenSco's failure to comply at all times with Regulation D and Rule 10b-5 could result in material penalties and liabilities, including potential criminal liability.

#### IV. ANALYSIS AND OPINIONS

##### A. DenSco was a "High-Risk" Client

Prior to engaging with a new client and forming an attorney-client relationship with that new client, an attorney should evaluate the goals and requirements of the client and the ability of the attorney to reasonably address those requirements. This is implicit in the duties owed by attorneys to their clients once the attorney-client relationship is formed, including the obligation to "provide competent representation to a client"<sup>156</sup> and "act with reasonable diligence and promptness in representing a client."<sup>157</sup> In making such evaluation, it is important for the attorney to do an "analysis of the factual and legal elements"<sup>158</sup> and consider "the relative complexity and specialized nature of the matter."<sup>159</sup> Consistent with such obligations, in my opinion attorneys should, and in accordance with custom in practice do, evaluate and assess whether, and to what extent, the client is able to understand and comply with its legal obligations and the advice of the attorney in the particular matter.

In my experience, certain clients may require extraordinary monitoring and counseling due to the nature of their business operations, the regulatory environment in which they operate, a lack of critical resources (including manpower) or internal controls, an inability (or unwillingness) to comply with legal obligations and attorney advice, and other factors. Such a client poses a material risk to both itself and to its attorneys in the event of failure, crises or other material adverse events. Such risks to the client may include civil or criminal liability, financial losses or other damages to the client and its various constituencies (including investors), and an inability to achieve the goals of the subject of the representation. Attorneys should be aware that such a client also creates an enhanced risk of malpractice and related claims against the attorney, brought by or on behalf of the client. As a result, for purposes of this Report, I refer to such clients as "high-risk" clients.

In accepting DenSco as a client, and continuing to represent DenSco thereafter, the Defendants should have recognized that DenSco was a high-risk client. The factors that indicate DenSco was a high-risk client include the following:

##### 1. DenSco was Engaged in a Highly Regulated Business

A core element of DenSco's business was raising money from investors, which in turn would be used to make mortgage loans. As noted above, the issuance of securities is regulated by federal

<sup>156</sup> Rule 1.1 of the Arizona Rules of Professional Conduct. See also ABA Model Rule 1.1.

<sup>157</sup> Rule 1.3 of the Arizona Rules of Professional Conduct. See also ABA Model Rule 1.3.

<sup>158</sup> Comment [5] to Rule 1.1 of the Arizona Rules of Professional Conduct. See also Comment [5] to ABA Model Rule 1.1.

<sup>159</sup> Comment [1] to Rule 1.1 of the Arizona Rules of Professional Conduct. See also Comment [1] to ABA Model Rule 1.1.

and state law. Under both the federal Securities Act of 1933 and the Arizona Securities Act, the offer and sale of securities must be registered with the appropriate regulatory agency (i.e., the SEC or the Arizona Corporation Commission, respectively), or be subject to an exemption from such registration. Issuers must strictly adhere to the requirements of an exemption, as the failure to do so results in an unlawful offering, with the accompanying penalties and liabilities, including potential criminal liability. DenSco's offerings were intended to fall within an exemption from registration.<sup>160</sup>

Further, under Rule 10b-5, because of the continuous nature of its securities offerings, DenSco needed to be able to timely update the disclosures provided to investors so as to correct any material misstatement or omission before such investors purchased (or committed to purchase) DenSco securities.<sup>161</sup> This would require both the constant monitoring of the accuracy of the content of the POMs and the ability to promptly correct and distribute updated disclosures.

Activities related to DenSco's mortgage lending business were also subject to regulation and licensing.<sup>162</sup> DenSco potentially may have been subject to regulation and licensing under the Investment Advisers Act of 1940,<sup>163</sup> the Investment Company Act of 1939,<sup>164</sup> the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit

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<sup>160</sup> See page ii, 2011 POM ("The Notes are offered pursuant to exemptions provided by Section 4(2) of the [Securities Act of 1933], Regulation D thereunder, certain state securities laws and certain rules and regulations promulgated pursuant thereto." [quoted text was upper case bold in original]).

<sup>161</sup> See page 24, 2011 POM ("In order to continue offering the Notes during this [two year] 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 [sic] of the Securities Act for employing 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."). See, also, pages 92-95, lines 7-8, Deposition of Daniel Schenck on June 19, 2018 ("My understanding would be that [the POM] needs to be amended, you know, when there is new information or a change in circumstances from what's described in there. That was my understanding").

<sup>162</sup> See page 8, 2011 POM ("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."). See, also, Arizona Revised Statutes, Chapter 9 [Mortgage Brokers, Mortgage Bankers and Loan Originators].

<sup>163</sup> See page 9, 2011 POM (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"); page 23, 2011 POM ("The Company intends to take all reasonable steps to avoid such classification.").

<sup>164</sup> See page 22, 2011 POM ("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. ... The Company intends to take all reasonable steps to avoid such classification.").

Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, and the Home Mortgage Disclosure Act,<sup>165</sup> and similar state laws and regulations. To the extent applicable, such activities would require monitoring, periodic reporting and other documentation, and compliance generally.<sup>166</sup>

## 2. DenSco was Handling High Volumes of Investor Money

At its core, DenSco was soliciting money from investors, which would be transferred to borrowers as mortgage loans. Such borrowers would pay interest and principal back to DenSco, which in turn would then use such funds to pay interest and principal back to its investors (with DenSco profiting from the arbitrage due to the difference in such interest rates). Rather than providing goods or services, DenSco was in the business of handling large sums of money. As of the date of the 2011 POM, DenSco had funded *over \$300 million* in loans.<sup>167</sup> As a result, DenSco was acting in a fiduciary capacity with its investors, and would have required prudent internal controls, careful accounting and secure money management.

## 3. DenSco was a “One-Man Shop”

Based on the record I have reviewed, it is clear that DenSco had only a single shareholder, director, officer and employee: namely, Denny Chittick.<sup>168</sup> The regulatory environment in which DenSco operated, as well as the volume of its business, would have necessitated active involvement by the management team at DenSco. Having only one member in its management team (its sole employee), would suggest that DenSco’s ability to manage its business operations and compliance obligations was severely constrained.

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<sup>165</sup> See page 19, 2011 POM.

<sup>166</sup> Although DenSco may have concluded that it was not subject to such regulation and licensing, it was still required to take action to *avoid* the application of such regulation and licensing to its lending activities. See page 8, 2011 POM (“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 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.”); page 19, 2011 POM (“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*” [italics added]).

<sup>167</sup> Page 39, 2011 POM (“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 the lowest being \$12,000. *The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170.*” [italics added]).

<sup>168</sup> Page 40, 2011 POM (“The Director and Executive Officer of the Company are [sic]: Denny J. Chittick, 4, President, Vice President, Treasurer, and Secretary. ... 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.*” [italics added]).

On the mortgage lending side of its business, DenSco made on average one loan every single weekday since its formation in 2001.<sup>169</sup> The level of its lending activity increased over the years, such that during the six months leading up to the 2011 POM, DenSco was making on average nearly three loans every single weekday,<sup>170</sup> and was seeking to further increase the volume of its lending business.<sup>171</sup> These statistics are particularly significant in light of the required tasks to support that volume of business (as described below), which suggests an inordinate burden on Mr. Chittick in managing just the mortgage lending side of DenSco's business.

As described in the 2011 POM, before purchasing a trust deed or funding a loan, DenSco would "conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations ... and visiting the subject property in a timely manner."<sup>172</sup>

The 2011 POM also describes certain standards for each loan to be made by DenSco.<sup>173</sup> Because of its stated goal of having each loan be secured by a first lien deed of trust,<sup>174</sup> DenSco would need to ensure that the loan documentation for each of its loans was properly prepared and timely recorded. Because of its stated goal of maintaining a loan-to-value ratio of between 50% and 65% across its portfolio of loans,<sup>175</sup> DenSco would need to conduct adequate and reliable property appraisals prior to consummating each loan, update such property appraisals periodically, and calculate the portfolio's loan-to-value ratio on a continuous basis. Because of its stated goal of maintaining diversity among its borrowers and the properties under

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<sup>169</sup> See page 37, 2011 POM (2622 loans funded from April 2001 through June 2011).

<sup>170</sup> See page 37, 2011 POM (378 loans funded in 2011 through June 30, 2011).

<sup>171</sup> See page 15, 2011 POM ("Success of the Company depends to a large extent on its ability to achieve growth in the number of applications and closings, the due diligence and servicing of these loans and the ability to manage growth effectively.").

<sup>172</sup> Page 6, 2011 POM. Although DenSco disclosed that such work could be done on its behalf by "an authorized representative," Mr. Chittick himself would still need to spend the time to select and engage with the representative, direct the work of the representative, and review and evaluate the reports, conclusions and recommendations of the representative.

<sup>173</sup> Although DenSco reserved the right "to amend or revise [certain] policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders" (see page 25, 2011 POM), such reservation of rights and lack of Noteholder control had little relevance to a change in circumstances that may have occurred *prior* to the time an investor committed to become a Noteholder, thus potentially rendering the disclosures made in the POM materially misleading.

<sup>174</sup> See page 37, 2011 POM ("All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds.").

<sup>175</sup> See page 37, 2011 POM ("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%."); page 10, 2011 POM ("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.").

mortgage,<sup>176</sup> DenSco would need to monitor and track the identity of its borrowers (and their affiliates), and the location and type of properties in which it was taking an interest. And because of its goal of avoiding certain licensing requirements, DenSco would need “to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within [such licensing] requirements.”<sup>177</sup>

In addition to the work involved with the initiation of each mortgage loan, DenSco’s mortgage lending business also required the servicing and monitoring of all loans.<sup>178</sup> As described in the 2011 POM, if a borrower were to become delinquent in making a payment, DenSco would contact the borrower within three to five days, and closely monitor the account until payment was made.<sup>179</sup> If a payment was late by more than five days, the company could impose a late charge, and if a payment was more than 30 days delinquent, the company could impose a default rate of interest and begin foreclosure proceedings.<sup>180</sup> Alternatively, DenSco could request the borrower execute a deed in lieu of foreclosure. Whether by virtue of a foreclosure sale or a deed in lieu of foreclosure, once DenSco gained control of the property, it would either “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.”<sup>181</sup> In addition, the repossessing of a property may require that DenSco “complete a project so repossessed by it, ... [and] inject additional capital.”<sup>182</sup>

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<sup>176</sup> See pages 36-37, 2011 POM (“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.... 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.*” [italics added]). See, also, page 10, 2011 POM (“The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base .... Currently, the Company’s base of borrowers exceed [sic] 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.”).

<sup>177</sup> See page 8, 2011 POM (“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 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.”).

<sup>178</sup> See page 7, 2011 POM (“The Company services the contracts it purchases and originates.”); page 13, 2011 POM (“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.”).

<sup>179</sup> Ibid.

<sup>180</sup> Ibid. See, also, page 13, 2011 POM (“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.”).

<sup>181</sup> See page 7, 2011 POM.

<sup>182</sup> See page 18, 2011 POM.



On the fund-raising side of its business, DenSco was conducting continuous offerings. Mr. Chittick himself was “making the private placement of the Notes on behalf of the Company.”<sup>183</sup> In my experience, such work would entail, at a minimum: (a) identifying, meeting with, and soliciting existing and new investors, and responding to their inquiries;<sup>184</sup> (b) preparing, distributing, collecting and reviewing all the necessary paperwork to accept new investors;<sup>185</sup> and (c) consummating each investor’s investment by the acceptance of payment and the issuance of a Note.

In order for DenSco’s offerings to fall within the private placement exemption from registration, the 2011 POM stated that Notes were “offered only to persons who are: (1) ‘Accredited Investors’ within the meaning of Rule 501(a) of Regulation D promulgated under the [Securities Act of 1933] 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 ....”<sup>186</sup> It was Mr. Chittick’s responsibility to devote the time, energy and resources to ensure that each investor in DenSco satisfied each of these requirements.<sup>187</sup>

The 2011 POM also references a number of additional tasks to be completed by DenSco in connection with the issuance of each Note to investors. Because each POM offering was limited in size,<sup>188</sup> Mr. Chittick would need to monitor the aggregate proceeds received under each offering. Because each Note may have different terms, including principal amount, maturity

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<sup>183</sup> Page iii, 2011 POM.

<sup>184</sup> See page 49, 2011 POM (“The offer to sell Notes must be directly communicated to the investor by [Mr. Chittick]”); page vi, 2011 POM (“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”) [quoted text was upper case bold in original]; page 50, 2011 POM (“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.”); page 11, 2011 POM.

<sup>185</sup> Such paperwork would include a subscription agreement and suitability questionnaire for each investor. See pages vi and 55-57, 2011 POM.

<sup>186</sup> Page iv, 2011 POM [quoted text was upper case bold in original].

<sup>187</sup> See page iv, 2011 POM (“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.” [italics added; quoted text was upper case bold in original]).

<sup>188</sup> See cover page of 2011 POM (“The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering [\$50 million in the case of the 2011 POM], or (b) two years from the date of this memorandum”).

date, interest rate, and timing and method of interest payments,<sup>189</sup> such terms would need to be carefully documented and monitored to ensure DenSco's compliance with all payment terms.

Because DenSco's offerings of Notes were continuous offerings, the applicable POMs would need to be updated from time to time. As acknowledged in the 2011 POM, "*failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing 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."<sup>190</sup> As a result, Mr. Chittick would need to constantly monitor the activities of DenSco, and the environment in which it operated, to ensure that the POM was up to date and accurate.

Even once Notes were issued, DenSco (and therefore Mr. Chittick) had continuing responsibilities with respect to investors who became Noteholders. For example, in addition to timely and appropriately making interest and principal payments to Noteholders (as discussed

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<sup>189</sup> See page 2, 2011 POM ("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 .... Investors may elect to have interest paid monthly, quarterly or at maturity."); page 17, 2011 POM ("Notes ... may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors."); pages 45-46, 2011 POM ("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.").

<sup>190</sup> Page 24, 2011 POM ("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. ... *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 [sic] of the Securities Act for employing 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." [italics added]). See, also, page 45, 2011 POM ("If the Company changes its operations ... in any material respect, *the Company will update the Memorandum as necessary to provide correct information to investors.*" [italics added]).

above), Noteholders were entitled to request from DenSco certain information and certifications,<sup>191</sup> permission to transfer their Notes,<sup>192</sup> and early redemption of their Notes.<sup>193</sup>

In addition to the specific responsibilities associated with mortgage lending and fund-raising, DenSco would have had the same general responsibilities of any business, such as maintaining books and records, preparing financial statements, filing tax returns and paying taxes, reporting interest income of its Noteholders, and other tasks.

In my experience, the volume of business being conducted by DenSco, and the responsibilities of a single individual to adequately manage that business, are quite striking. There was no deep bench or internal team to support Mr. Chittick's enormous responsibilities, no one to cover in the event Mr. Chittick were to become ill or otherwise become unavailable, and no meaningful succession plans to replace Mr. Chittick.<sup>194</sup>

#### **4. Significant Risk of Confusion as to the Identity of the Defendants' Client**

Although the engagement letter between Clark Hill and DenSco only identified DenSco as the client,<sup>195</sup> the nature of the attorney-client relationship with such a "one-man shop" was subject to an enhanced risk of confusion and conflict.

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<sup>191</sup> See page 46, 2011 POM ("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.").

<sup>192</sup> See page 46, 2011 POM ("The Notes are not transferable without the prior written consent of the Company").

<sup>193</sup> See page 47, 2011 POM ("the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity").

<sup>194</sup> Although the 2011 POM (under the heading "Contingency Plan in the Event of Death or Disability of Mr. Chittick") references a "written agreement with Robert Koehler ... to provide or arrange for any necessary services for the Company" should Mr. Chittick become "unable to perform his duties to continue the operation of the Company in any capacity," such agreement does not constitute a succession plan. In fact, the only action expected of Mr. Koehler pursuant to such agreement was "to close down the Company's business by collecting all of the monies due on the Trust Deeds and ... return all of the principal and interest owed to the investors pursuant to the Notes." Page 41, 2011 POM. It is unclear whether such agreement was enforceable (e.g., due to a lack of consideration), but it is apparent that Mr. Koehler in fact did not perform as described. See page 68, lines 18-23, Deposition of Shawna Chittick Heuer (Mr. Chittick's sister) on August 22, 2018 ("I remember ... Robert saying ... I don't want to be a part of this. I don't feel comfortable. ... I have my own business. This is too much for me to take on, is what I believe I remember him telling me.").

<sup>195</sup> Engagement Letter dated September 12, 2013, executed by Mr. Beauchamp on behalf of Clark Hill, and Mr. Chittick on behalf of DenSco ("This letter serves to record the terms of our engagement to represent DenSco Investment Corporation (the 'Client'), with regard to the legal matters transferred to Clark Hill PLC from Bryan Cave, LLP."). Such Engagement Letter was

As the only shareholder, director, officer and employee of DenSco, Mr. Chittick was the only point of contact for the Defendants in interacting with their client, DenSco. Based on the record I have reviewed, it does not appear that Mr. Chittick had separate legal counsel to represent him and his interests in his capacity as shareholder, director, officer or employee of DenSco. This situation could easily lead Mr. Chittick to reasonably believe that the Defendants were not only DenSco's attorneys, but his own as well.

Mr. Beauchamp himself appears to have been confused as to the identity of his client, as reflected in the 2011 POM which he prepared: "Legal counsel to the Company will represent the interests solely of the Company *and its President*."<sup>196</sup> Further, at the hearing to determine the appointment of the Receiver, Mr. Beauchamp testified that "he concurrently represented both DenSco and Denny Chittick personally."<sup>197</sup> In addition, as he testified in his deposition, Mr. Beauchamp apparently understood that Mr. Chittick was also his client, at least in some capacity, and that Mr. Chittick considered he was his attorney.<sup>198</sup>

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expressly "supplemented by our Standard Terms of Engagement for Legal Services, attached, which are incorporated in this letter and apply to this matter and the other matter(s) for which you engage us." The attached Standard Terms of Engagement for Legal Services, under the caption "Whom We Represent," provided: "The person or entity whom we represent is the person or entity identified in our engagement letter and *does not include any affiliates or related parties of such person or entity such as ... employees, officers, directors, shareholders of corporation, ... and/or other constituents of named client unless our engagement letter expressly provides otherwise*" [italics added].

<sup>196</sup> See page 30, 2011 POM [italics added].

<sup>197</sup> See Exhibit 317, email dated August 30, 2016 from Kevin Merritt (attorney for the Chittick Estate) to Mr. Beauchamp and Ryan Anderson (an attorney representing the Receiver), copying the Receiver, Mr. Polese (attorney for the Chittick Estate), et al. ("I would like to remind everyone that David testified at the receivership hearing that he concurrently represented both DenSco and Denny Chittick, personally."); see, also, email dated August 15, 2016 from Mr. Polese to Ms. Coy, copying Mr. Beauchamp, et al. ("It is my view and that of Dave Beauchamp, Denny viewed David as both his company attorney and personal attorney."). Although Mr. Beauchamp claimed that he corrected the statement made to Ms. Coy (see pages 118-119, lines 23-9, Deposition of Mr. Beauchamp), there appears to be no evidence of such action, and it appears to be contrary to his other testimony. See pages 133-134, lines 7-11, Deposition of Mr. Beauchamp ("Based on the information that I have now ... I would say it's not true [that "Mr. Chittick considered that I was his counsel as well as counsel for DenSco"]. ... At the time I did this declaration [draft received August 17, 2016], I had a different understanding of what counsel was, ... I have since understood that, no, I'm representing the company").

<sup>198</sup> See page 3, Defendants' DS ("Mr. Beauchamp averred in an August 17, 2016 declaration under oath that he represented DenSco and 'Mr. Chittick as the President of DenSco.' Mr. Beauchamp did not represent Mr. Chittick outside of his role as a corporate officer at DenSco."). See, also, pages 133-134, lines 7-11, Deposition of Mr. Beauchamp (counsel quotes from Exhibit 435 (paragraph 5, draft Declaration of David Beauchamp, dated August 27, 2016): "Q. ... 'During my involvement with Mr. Chittick and DenSco, I understood that Mr. Chittick considered that I was his counsel as well as counsel for DenSco.' That is not true, correct? A.

It is important to note that the interests of an entity client are not always aligned with, and are often in conflict with, the interests of the client's shareholders, directors, officers and employees, even when only one individual occupies all of those roles. As noted above, the Rules of Professional Conduct make clear that, when representing an entity as client, the attorney *must* recognize that it is the entity whose interests are to be protected, and *not* the interests of the individual or individuals through whom the entity acts.<sup>199</sup> As a result, it is important for the attorney to properly identify his or her client, and to ensure that when the client is an entity, such individual(s) understand who is and who is not the client of the attorney.<sup>200</sup>

This situation creates a material risk that each of the entity client, such individual(s) and perhaps even the attorney – in this Case, DenSco, Mr. Chittick and the Defendants, respectively – may be confused or conflicted with respect to the attorney-client relationship.

## 5. Implications

For the above reasons, in my opinion the applicable standard of care dictates that the Defendants should have recognized that DenSco was a high-risk client. To be clear, I am not suggesting that it was a violation of the standard of care for an attorney to engage with a high-risk client. However, in accepting and continuing to represent DenSco as a client, the Defendants should have recognized the enhanced risks associated with such representation, including the substantial risk (if not likelihood) that: (1) DenSco may be unable to comply with applicable law and the other requirements and guidelines as set forth in the 2011 POM; (2) investors may bring claims for securities fraud and/or breach of fiduciary duties; (3) disabling conflicts of interest may arise between DenSco and Mr. Chittick, thereby jeopardizing the role of the Defendants; and (4) malpractice and related claims may be brought against the Defendants by or on behalf of DenSco.

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Based on the information that I have now ... I would say it's not true. Q. Did you ever think it was true? A. At the time I did this declaration, I had a different understanding of what counsel was, *and it was if you are providing advice to somebody as an officer or director of a company, then you represent them too.* And – Q. Individually? A. – *and that they would have the right to rely upon it and object.* ... Q. Okay but during the time you were representing DenSco at the material events in this case, you thought Mr. Chittick was your individual client? A. Not as an individual client. ... as an officer or director of DenSco ... And my analysis was based upon the right to rely upon the information provided, which I understand is not the appropriate standard now, determining who is your individual client." [italics added].

<sup>199</sup> See Arizona Rules of Professional Conduct, Rule 1.13 [Organization as Client] ("A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents."); see also ABA Model Rule 1.13.

<sup>200</sup> See Deposition of Mr. Hood, page 110, lines 8-19 ("Q.... To your knowledge, from what you have reviewed, did Mr. Beauchamp ever clarify with Mr. Chittick that he was representing only DenSco? A. I don't know. Q. Okay. He should have, if there was any confusion. Don't you agree? ... THE WITNESS: If there was confusion, then I agree that the Rule 1.13 would require that David have a discussion with Mr. Chittick.").

As a result, the applicable standard of care dictates that the Defendants should have: (a) engaged in extraordinary monitoring and counseling with respect to DenSco; (b) maintained clear documentation of advice provided and actions taken; and, most importantly, (c) been prepared to recognize, and quickly act in response to, “red flag” warnings or indications of any problems (such as those described below). In my opinion, failure to do so would constitute a violation of the Defendants’ duties under the Rules of Professional Conduct, including but not limited to Rules 1.1 (Competence), 1.3 (Diligence) and 1.13 (Organization as Client) of the Arizona Rules of Professional Conduct and the ABA Model Rules.

**B. The Four Red Flag Warnings that DenSco Needed Immediate and Focused Attention and Protection**

**1. The Freo Lawsuit**

The Freo Lawsuit put Mr. Beauchamp on notice of allegations that one of DenSco’s major borrowers, Mr. Menaged and his affiliated entities, was taking money from DenSco and another third-party lender to purchase the same property and provide both lenders with a deed of trust on that same property – thereby potentially having the effect of subordinating DenSco’s interest in the property to that of the other lender (and diminishing the value of DenSco’s interest).

Mr. Beauchamp knew, or should have known, that DenSco’s interests (as lender) and Mr. Menaged’s interests (as borrower) were not aligned in the Freo Lawsuit and that, as a result, DenSco needed to have independent legal counsel, and not simply “piggy back” on Mr. Menaged’s defense.<sup>201</sup> Despite this clear conflict of interest, and Mr. Chittick’s instruction that he speak with Mr. Menaged’s attorney,<sup>202</sup> Mr. Beauchamp took no action with respect to the Freo Lawsuit.<sup>203</sup>

Had Mr. Beauchamp investigated the allegations in the complaint in the Freo Lawsuit, “he would have found within minutes, by reviewing records available through the Maricopa County Recorder’s website relating to the property described in the Freo lawsuit: (i) a Deed of Trust and Security Agreement With Assignment of Rents given by Easy Investments in favor of Active Funding Group, that Menaged had signed on March 25, 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy Investments in favor of DenSco, that Menaged had signed on April 2, 2013. Both signatures were witnessed by the same notary public.”<sup>204</sup>

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<sup>201</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments, has his attorney working on it, I’m ok to piggy back with his attorney to fight it.”).

<sup>202</sup> See Ibid (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to his attorney. Contact info is below.”).

<sup>203</sup> Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at that time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

<sup>204</sup> Plaintiff’s DS ¶ 129.

Upon becoming aware of the Freo Lawsuit, Mr. Beauchamp should have advised Mr. Chittick of the following action items, and should have assisted him in the completion of these action items:

- investigate the policies and procedures, and the trustworthiness, of Mr. Menaged and his affiliated entities;
- investigate where the excess funds from two different mortgage loans went;
- suspend making any further loans to Mr. Menaged and all entities managed by Menaged;
- review all other outstanding loans to Mr. Menaged and his affiliated entities to confirm that DenSco was the only lender on the property with a first lien deed of trust;
- review and reevaluate DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue alleged in the Freo Lawsuit;
- contact the other lender to investigate the allegations; and
- evaluate the accuracy of the disclosures made in the 2011 POM, and update and correct them as may be necessary.

Based on the record I have reviewed, Mr. Beauchamp provided no such advice or assistance following the Freo Lawsuit. In fact, from mid-June 2013 when Mr. Beauchamp first learned of the significant allegations in the Freo Lawsuit,<sup>205</sup> until at least January of the following year, Mr. Beauchamp took no such action to protect his client, DenSco.<sup>206</sup>

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<sup>205</sup> See email dated June 14, 2013 from Mr. Beauchamp to Mr. Chittick ("we will need to disclose this in POM").

<sup>206</sup> If, instead, the Defendants had investigated and done proper due diligence with respect to the red flag warning raised by the Freo Lawsuit at or around the time that Mr. Beauchamp transitioned from Bryan Cave to Clark Hill, they would have discovered the magnitude of the damage caused by the Menaged fraud and Mr. Chittick's failure to follow proper funding procedures. Because of the materially inaccurate and incomplete disclosures made in the expired 2011 POM, upon such discovery the Defendants should have then instructed DenSco to immediately cease the offer and sale of all Notes. Any Rule 10b-5 compliant disclosures at that time would be required to disclose, among other things, DenSco's failures with respect to its first lien positions, loan-to-value ratios, and diversity of its borrowers, and the cause of such failures (including Mr. Chittick's negligence), as well as its exposure to civil and criminal consequences for securities fraud (including the possible right of all Noteholders to demand rescission). Because such disclosures would by necessity be so negative (especially in comparison to the disclosures contained in the 2011 POM), it appears to me unlikely that the sophisticated accredited investors targeted by DenSco would have been inclined to continue to invest in Notes. Further, because DenSco's business model was based on soliciting and investing money provided by Noteholders, and because many of the double lien properties were overleveraged, in my opinion the proper advice to be given to DenSco at that time would have been to conduct an

## 2. Mr. Chittick's Instruction

At the time of Mr. Chittick's Instruction to stop working on updating the POM, the 2011 POM was already out of date, had expired by its own terms, and contained no information regarding the Freo Lawsuit. As discussed above, because I have seen no evidence that Mr. Beauchamp communicated to Mr. Chittick to cease offering Notes until an updated POM could be provided to investors, he should have expected that Mr. Chittick would continue to solicit new investors. Further, Mr. Beauchamp knew that DenSco had dozens of Notes that were scheduled to mature, and that a significant portion of those Notes would be rolled over into new Notes.<sup>207</sup>

However, rather than take corrective action (such as insisting that Mr. Chittick cooperate in updating the POM or cease offering new Notes and/or terminating the attorney-client relationship), the Defendants instead accepted DenSco as a new client at Clark Hill, and continued to do no work in updating the expired 2011 POM for over three months.

In my opinion, Mr. Chittick's Instruction is an inflection point, in that it evidenced both (a) an inability or unwillingness on the part of Mr. Chittick to work with the Defendants in complying with applicable securities laws, and (b) a willingness on the part of the Defendants to knowingly accept and tolerate as a new client one that was failing to comply with applicable securities laws.

## 3. The December 2013 Phone Call

The December 2013 Phone Call once again put Mr. Beauchamp on notice that there were serious lien priority problems in connection with DenSco's dealings with Mr. Menaged and his affiliated entities.

Once again, following the December 2013 Phone Call, Mr. Beauchamp should have advised and assisted Mr. Chittick with respect to the above action items – this time with more urgency given the prior Freo Lawsuit and Mr. Chittick's Instruction. Instead, Mr. Beauchamp simply advised Mr. Chittick to document a “plan” to resolve the double lien issue.<sup>208</sup>

## 4. The Bryan Cave Demand Letter

The cumulative effect of the Freo Lawsuit, Mr. Chittick's Instruction, the December 2013 Phone Call and the Bryan Cave Demand Letter put the Defendants on notice that there were very serious problems at DenSco, especially with respect to Mr. Menaged and his affiliated entities (borrowers that the Defendants knew were material to DenSco's business). Further, it should

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orderly liquidation (presumably in a Chapter 7 bankruptcy proceeding) for the benefit of its Noteholders.

<sup>207</sup> See email dated June 20, 2013 from Mr. Beauchamp to several colleagues at Bryan Cave (“According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months (and to probably be rolled over into new notes)”).

<sup>208</sup> Defendants' DS, page 8 (“Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan ... to resolve the double-lien issue.”)



have become clear to Mr. Beauchamp that Mr. Chittick's strategy to "piggy back" on Mr. Menaged's defense in the Freo Lawsuit,<sup>209</sup> and Mr. Chittick's Plan to resolve the double lien issue raised in the December 2013 Phone Call, had not only failed to address those problems, but were inappropriate actions to take on behalf of DenSco.

## **5. Call to Action**

In my opinion, under such circumstances a reasonably prudent attorney would have immediately taken the following measures to protect DenSco and its Noteholders – none of which were taken by the Defendants:

### **a. Conduct Due Diligence**

As discussed above, Arizona's Rules of Professional Conduct, Rule 1.3 (Diligence) would obligate such an attorney to "act with reasonable diligence and promptness in representing a client."<sup>210</sup>

The Defendants themselves should have investigated the claims involving Mr. Menaged and his affiliated entities, which were raised in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, including Mr. Menaged's fabricated story involving his "cousin." As part of such investigation, the Defendants should have looked into where the proceeds from DenSco's loans went. The Defendants should have also reviewed all other outstanding loans to Mr. Menaged and his affiliated entities – and all other borrowers – so as to determine whether the problem was limited to the properties identified in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

The Defendants themselves should have reviewed and reevaluated DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue raised in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter. As part of such review, the Defendants should have investigated the funding procedure used by DenSco to ensure that it was in fact obtaining first lien deeds of trust in properties owned by its borrowers (as it disclosed in the 2011 POM).

### **b. Terminate All Dealings with Mr. Menaged**

The Defendants should have urged DenSco to sever its relationship with Mr. Menaged and his affiliated entities, and to immediately stop providing any additional funds to Mr. Menaged and his affiliated entities.

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<sup>209</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("Easy Investments, has his attorney working on it, I'm ok to piggy back with his attorney to fight it.").

<sup>210</sup> See, also, Comment [1] to Arizona Rule 1.3 ("A lawyer should pursue a matter on behalf of a client despite opposition, obstruction or personal inconvenience to the lawyer, and take whatever lawful and ethical measures are required to vindicate a client's cause or endeavor. A lawyer must also act with commitment and dedication to the interests of the client.").

The Defendants should have also researched, and advised DenSco with respect to, its rights and remedies with respect to Mr. Menaged and his affiliated entities and with respect to the double lien properties and the other lenders, and should have urged DenSco to take appropriate action against Mr. Menaged and his affiliated entities for fraud.

**c. Update the 2011 POM Immediately and Cease All Solicitations**

By the time of the Bryan Cave Demand Letter, the 2011 POM had already expired by its own terms over a half year earlier. In addition, it did not include any information about the Menaged fraud or DenSco's exposure in the Freo Lawsuit or pursuant to the Bryan Cave Demand Letter, nor did it describe Mr. Chittick's Plan. And, based on the information contained in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, the Defendants knew that the disclosures made in the 2011 POM were materially inaccurate,<sup>211</sup> especially with respect to DenSco's first lien position,<sup>212</sup> its loan-to-value ratio,<sup>213</sup> and the diversity of its borrowers.<sup>214</sup>

The Defendants knew that the "failure to update [the 2011 POM] as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing *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."<sup>215</sup> Further, as Mr. Beauchamp acknowledged in February 2014, he was concerned that Mr. Chittick had committed securities fraud because the loan documents he had Mr. Menaged sign did not comply with DenSco's representations in the 2011 POM.<sup>216</sup> In addition, as Mr. Beauchamp testified, by "the end of April, beginning of May of 2014 ... *I believed he had committed a securities violation, and it was paramount that we get the disclosure statement out in writing to all of the investors as quickly as possible.*"<sup>217</sup>

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<sup>211</sup> See Mr. Beauchamp's handwritten notes of a telephone call with Mr. Chittick on February 11, 2104 ("Material Disclosure – exceeds 10% of the overall portfolio").

<sup>212</sup> See page 37, 2011 POM.

<sup>213</sup> See pages 10 & 37, 2011 POM.

<sup>214</sup> See pages 10 & 36-37, 2011 POM. See also pages 9-10, lines 25-2, Defendants' DS ("by the end of 2013, more than half of [DenSco's] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors").

<sup>215</sup> Page 24, 2011 POM.

<sup>216</sup> Exhibit 70, email dated February 7, 2014 from Mr. Beauchamp to Mr. Goulder (Mr. Menaged's attorney), copying Mr. Chittick ("Based on your previous changes, the Forbearance Agreement would be prima facie evidence that Denny Chittick had committed securities fraud because the loan documents he had Scott sign did not comply with DenSco's representations to DenSco's investors in its securities offering documents.").

<sup>217</sup> See, also, page 161, lines 7-24, Deposition of Mr. Beauchamp ("Q. Was there any point in time, sir, where you learned that Mr. Chittick was continuing to raise money? A. ... the *end of April, beginning of May of 2014*. ... Q. And once you learned that, you knew he was committing a securities violation? ... A. I – *at that point in time, I believed he had committed a securities violation, and it was paramount that we get the disclosure statement out in writing to all of the*

For the reasons stated above,<sup>218</sup> it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures, after the expiration of the 2011 POM, and despite his knowledge of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

Under these circumstances, and notwithstanding Mr. Chittick's Instruction, the Defendants should have insisted that DenSco immediately cease all solicitations of investors (including new investors and rollover investors) unless and until an updated and corrected POM, in compliance with Rule 10b-5, was prepared and provided to all such investors.

**d. Advise Mr. Chittick of His Fiduciary Duties to DenSco and its Investors**

As a result of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, the Defendants should have advised Mr. Chittick of his fiduciary duties both to DenSco and to its Noteholders. For example, the duty of loyalty mandated that Mr. Chittick, as director,<sup>219</sup> officer<sup>220</sup> and sole shareholder<sup>221</sup> of DenSco, act in the best interests of DenSco. Among other things, the Defendants should not have merely accepted and followed Mr. Chittick's Instruction, but rather urged Mr. Chittick of his obligations to update the POM.

And, to the extent that such problems may have rendered DenSco insolvent, Mr. Chittick would owe fiduciary duties to its creditors, and would be obligated to treat all assets of DenSco as "existing for the benefit" of the Noteholders and other creditors.<sup>222</sup> As a result, the Defendants should have assessed whether DenSco was insolvent or in the "zone of insolvency."

Because of such duties, the Defendants also should have urged Mr. Chittick, on behalf of their client DenSco, to protect and preserve the corporation's assets, and to not pursue a Plan that

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*investors as quickly as possible. His representations that he had advised everybody and told them to the contrary, we needed something much more formal than that.*" [italics added]).

<sup>218</sup> See the section entitled "Defendants Allege They Withdrew from Representing DenSco in May 2014" above in this Report.

<sup>219</sup> See Arizona Revised Statutes, Section 10-842 ("an officer's duties shall be discharged ... [i]n a manner the officer reasonably believes to be in the best interests of the corporation.").

<sup>220</sup> See Arizona Revised Statutes, Section 10-830 ("a director's duties ... shall be discharged ... [i]n a manner the director reasonably believes to be in the best interests of the corporation.").

<sup>221</sup> See *Sports Imaging of Arizona, L.L.C. v. 1993 CKC Trust*, No. 1 CA-CV 05-0205, 2008 WL 4448063, \*12 (unpublished opinion, Ariz. Ct. App. 2008) ("shareholders that have the ability to control a corporation owe a fiduciary duty to the corporation").

<sup>222</sup> See *A.R. Teeters & Assocs. v. Eastman Kodak Co.*, 172 Ariz. 324, 836 P.2d 1034 (Ariz. Ct. App. 1992) ("all of the assets of a corporation, immediately on its becoming insolvent, exist for the benefit of all of its creditors" [internal citation omitted]). See, also, *Dooley v. O'Brien*, 226 Ariz. 149, 244 P.3d 586 (Ariz. Ct. App. 2010); *Dawson v. Withycombe*, 216 Ariz. 84, 163 P.3d 1034 (Ariz. Ct. App. 2007).

would benefit Mr. Chittick individually (such as to preserve his reputation and/or equity stake in DenSco) at the risk of DenSco or the Noteholders.

Further, as legal counsel to DenSco, the Defendants should have advised Mr. Chittick as to how to best protect and preserve the corporation's assets, especially with respect to those outstanding loans that were not adequately protected by first lien mortgages. In order to render such advice, the Defendants would have needed to conduct due diligence and research in order to properly consider available alternatives.

**e. Protect DenSco from the Negligent, Reckless and Disloyal Actions of Mr. Chittick**

Because DenSco, and not Mr. Chittick, was the client, the Defendants owed duties to DenSco exclusively.<sup>223</sup> Because the Defendants knew, or should have known, that Mr. Chittick was acting in a manner that violated his legal obligations to DenSco (e.g., breach of fiduciary duties), and that constituted a violation of the law that would be imputed to DenSco (e.g., securities fraud), in both instances that was likely to result in substantial injury to DenSco, the Defendants were obligated to "proceed as is reasonably necessary in the best interest of the organization."<sup>224</sup> In accordance with Arizona's Rules of Professional Conduct, Rule 1.13 (Organization as Client), paragraph (c), such obligation may have included reporting Mr. Chittick to the proper authorities and/or the Noteholders in order to protect DenSco against Mr. Chittick.<sup>225</sup>

Here, again, is an issue that arises because DenSco is a high-risk client with only one person making all decisions. The Defendants did not have an opportunity to report to anyone else at DenSco that Mr. Chittick was causing harm to DenSco. Although Rule 1.13(c) itself does not mandate "reporting out," Rule 1.2 makes clear that, under the right set of circumstances, "a lawyer may be required to disclose information relating to the representation to avoid being deemed to have assisted the client's crime or fraud."<sup>226</sup> Because the Defendants were obligated to protect their client against Mr. Chittick, in my opinion the standard of care applicable to them would have obligated them to report Mr. Chittick's inappropriate actions to either the proper authorities or the Noteholders or both.

**f. Withdraw from the Representation of DenSco**

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<sup>223</sup> See Arizona's Rules of Professional Conduct, Rule 1.13 (Organization as Client).

<sup>224</sup> Arizona's Rules of Professional Conduct, Rule 1.13(b).

<sup>225</sup> Arizona's Rules of Professional Conduct, Rule 1.13(c) ("if (1) despite the lawyer's efforts in accordance with ER 1.13(b) the highest authority that can act on behalf of the organization insists upon or fails to address in a timely and appropriate manner an action or refusal to act, that is clearly a violation of law, and (2) the lawyer reasonably believes that the violation is reasonably certain to result in substantial injury to the organization, then *the lawyer may reveal information relating to the representation* ... only if and to the extent the lawyer reasonably believes necessary to prevent substantial injury to the organization." [italics added]).

<sup>226</sup> Comment [11] of Rule 1.2 (Scope of Representation and Allocation of Authority between Client and Lawyer) of the Arizona Rules of Professional Conduct.

Once it becomes clear that disclosures being provided to investors in DenSco fail to comply with Rule 10b-5, a reasonably prudent attorney would have three options: (1) cause DenSco to immediately update and correct the disclosures made available to all investors; (2) cause DenSco to immediately cease soliciting investors (including rollover investors); or (3) withdraw from the representation of DenSco. (In my experience, the threat to withdraw often induces an otherwise reluctant client to abide by one of the other options.)

Under the circumstances, because the Defendants failed to cause DenSco to update and correct the 2011 POM or cease soliciting investors, the Defendants had no option but to immediately withdraw from the representation of DenSco. Arizona's Rules of Professional Conduct, Rule 1.16 (Mandatory Withdrawal from the Representation), mandates that a lawyer "*shall withdraw from the representation of a client if the representation will result in violation of the Rules of Professional Conduct or other law.*"<sup>227</sup> Further, because the Defendants were aware that DenSco was committing securities fraud by continuing to solicit investors without adequate disclosures, in my opinion such withdraw should have been made clear by written notice to Mr. Chittick on behalf of DenSco, together with a statement disaffirming the 2011 POM.<sup>228</sup>

### **C. The Defendants' Conduct Fell Below the Standard of Care**

In my opinion, the Defendants' conduct fell below the applicable standard of care in each of the following respects:

- 1. The Defendants' Failures with Respect to the Menaged Fraud**
  - a. The Defendants Failed to Recognize that DenSco was a High-Risk Client**

For all the reasons stated above under "DenSco was a 'High-Risk' Client," the Defendants should have recognized that DenSco was a high-risk client, and apparently failed to do so. Had they recognized that DenSco was a high-risk client, the applicable standard of care dictates that they would have (a) engaged in extraordinary monitoring and counseling with respect to DenSco, (b) maintained clear documentation of advice provided and actions taken, and (c) been prepared to recognize, and quickly act in response to, red flag warnings or indications of any problems.

- b. The Defendants Failed to Conduct any Due Diligence on Mr. Menaged or on DenSco's Funding Procedure**

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<sup>227</sup> Italics added.

<sup>228</sup> Comment [11] to Rule 1.2 of Arizona's Rules of Professional Conduct ("In some cases, withdrawal alone might be insufficient. It may be necessary for the lawyer to give notice of the fact of withdrawal and to disaffirm any opinion, document, affirmation or the like."). See also Model Rules of Professional Conduct, Comment [10] to Rule 1.2 (Scope of Representation and Allocation of Authority Between Client and Lawyer).

The Defendants were put on notice of the Menaged fraud by each of the four red flag warnings: the Freo Lawsuit, Mr. Chittick's Instruction, the December 2013 Phone Call, and the Bryan Cave Demand Letter. However, based on the record I have reviewed, at no point in time did the Defendants conduct any due diligence or investigation into the claims involving Mr. Menaged and his affiliated entities. A simple search of records available on the County of Maricopa website would have called into question the veracity of Mr. Menaged's fabricated story about his "cousin."<sup>229</sup>

Even if Mr. Menaged's story were credible, the fraud supposedly committed by his "cousin" still reflected gravely on Mr. Menaged's reliability, management and supervision – all issues that should have been investigated by the Defendants. Further, there appeared to be no inquiry into where the proceeds from DenSco's loans disappeared to.

The Defendants should have reviewed and reevaluated DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue raised first in the Freo Lawsuit, then in the December 2013 Phone Call, and again in the Bryan Cave Demand Letter. As part of such review, the Defendants should have investigated the funding procedure used by DenSco to ensure that it was obtaining first lien deeds of trust in properties owned by its borrowers (as it disclosed in the 2011 POM).

Further, the Defendants apparently took no effort to investigate the magnitude of the double lien issue, relying instead only on those issues and properties specifically identified in the Freo Lawsuit, the December 2013 Phone Call, and the Bryan Cave Demand Letter.

In my opinion, these failures violated Rule 1.3 (Diligence) of the Arizona Rules of Professional Conduct and violated the standard of care applicable to the Defendants.

**c. The Defendants Failed to Protect DenSco from Mr. Menaged**

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<sup>229</sup> See, e.g., Exhibit 103 (Deed of Trust and Security Agreement with Assignment of Rents, recorded in the Official Records of Maricopa County Recorder March 25, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is Active Funding Group, LLC.); see, also, Exhibit 104 (Deed of Trust and Assignment of Rents, recorded in the Official Records of Maricopa County Recorder April 2, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is DenSco.). See also Plaintiff's DS ¶ 228 ("Beauchamp also knew from his January 6 review of the demand letter and the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other information he had received from Chittick, that Menaged's 'cousin' story was implausible and that by accepting the story without investigation and planning to continue DenSco's lending relationship with Menaged, Chittick was breaching his fiduciary duties to DenSco."). See also Plaintiff's DS ¶¶ 207(b) & 207(c) ("In January 2014, the Maricopa County Recorder's Office had a free "Recorded Document Search" function. The same tool is available today. If Beauchamp had used that tool, two brief searches would have shown that ... Menaged, not 'a guy in his office,' had secured both loans.").

The Defendants failed to advise DenSco to sever its relationship with, and immediately stop providing additional funds to, Mr. Menaged and his affiliated entities. The Defendants also failed to advise DenSco of its rights and remedies with respect to either Mr. Menaged or the other lenders. Instead of urging DenSco to take appropriate action against Mr. Menaged and his affiliated entities for fraud, the Defendants did just the opposite – by encouraging and facilitating Mr. Chittick’s Plan.

The Defendants failed to recognize that the Forbearance Agreement provided little or no benefit to DenSco. In my experience, a forbearance agreement is utilized to provide short-term relief to a borrower that is experiencing a temporary hardship (such as a cash flow issue). As the name of the agreement suggests, a lender sometimes agrees to *forbear* from exercising its remedies, and delay exercising its right to institute foreclosure proceedings, for a limited period of time in order to provide the borrower with an opportunity to recover.<sup>230</sup> However, the Forbearance Agreement here further acerbated DenSco’s risk and exposure by essentially conceding that Mr. Menaged’s other lenders had a superior lien position and allowing them to extract value out of the mortgaged properties ahead of DenSco.

Mr. Beauchamp’s failures with respect to the Forbearance Agreement raise a troubling question as to whether he simply fell below the applicable standard of care by failing to appreciate the potential damage to DenSco caused by pursuing the agreement, or whether he was in fact motivated by other interests, such as a conflicted desire to give Mr. Chittick’s Plan a chance to work so as to minimize the problems caused by Mr. Beauchamp’s negligent delay in providing updated and corrected disclosures.<sup>231</sup> To the extent Mr. Beauchamp’s pursuit of the Forbearance Agreement was motivated by such a personal conflict of interest, such conduct was so reckless and irresponsible that, in my opinion, it constituted a gross departure from the applicable standard of care.

## **2. The Defendants’ Failures with Respect to Disclosures**

### **a. The Defendants Failed to Timely Update the 2011 POM**

Because the 2011 POM provided for a two-year offering period,<sup>232</sup> by its own terms it expired on July 1, 2013. However, based on the record I have reviewed, it appears that the Defendants

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<sup>230</sup> It appears that the Defendants believed that it was in DenSco’s interest to forbear from exercising its remedies. See page 12, lines 21-26, Defendants’ DS (“As Mr. Beauchamp explained in a February 10, 2014 email to his colleagues, “we advised our client that *he needs to have a Forbearance Agreement in place to evidence the forbearance and the additional protections he needs.*” [italics added]).

<sup>231</sup> See Plaintiff’s DS ¶ 249.

<sup>232</sup> See page (i), 2011 POM (“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.”).

never finalized and provided DenSco with an update to the 2011 POM nor a replacement POM.<sup>233</sup>

The July 1, 2013 deadline for updating the 2011 POM was known to Mr. Beauchamp, as he was the one who prepared the 2011 POM and advised DenSco with respect to such matters. The applicable standard of care obligated Mr. Beauchamp to be diligent in preparing an updated POM prior to July 2013 in order that DenSco could timely distribute the updated POM to investors. Mr. Beauchamp's apparent concern about DenSco being close to issuing \$50 million of Notes was misplaced,<sup>234</sup> and in no event excused him from updating the 2011 POM as DenSco remained obligated to provide required disclosures to its investors.

Further, with each red flag warning, the Defendants were increasingly aware of the significance of the Menaged fraud and DenSco's inadequate funding procedures, and yet never provided DenSco with any Rule 10b-5 compliant disclosure document that described the facts and circumstances – and material consequences – of the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter. Even with the first red flag warning, Mr. Beauchamp recognized that the Freo Lawsuit needed to be disclosed to investors, and Mr. Chittick was cooperative,<sup>235</sup> but no such disclosure was ever prepared by Mr. Beauchamp nor provided to Mr. Chittick.

Mr. Beauchamp appears to assert in the alternative that the Defendants were not obligated to update or correct the 2011 POM because either (1) Mr. Chittick on his own was providing the required disclosures to investors or (2) Mr. Beauchamp had advised Mr. Chittick to discontinue offering Notes to investors. In my opinion, under the circumstances described above, neither assertion is plausible nor in compliance with the standard of care applicable to the Defendants. Further, the Defendants' conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

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<sup>233</sup> Further, it does not appear that Mr. Beauchamp *ever* prepared, or advised DenSco to prepare, any update to any of DenSco's POMs during the two-period when such POMs were in effect. See Plaintiff's DS ¶¶ 28 & 29 ("DenSco's records do not reflect that DenSco ever took steps to '[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011] current' by issuing updates to those POMs during the two-year period each of those POMs was in effect. The files that Beauchamp maintained, and the billing statements issued to DenSco by his respective law firms, do not reflect that Beauchamp ever advised DenSco to '[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011] current' by issuing updates to those POMs during the two-year period each of those POMs was in effect."). Also see Plaintiff's DS ¶¶ 161 & 162 ("Clark Hill's records show that neither Beauchamp nor any other Clark Hill attorney performed any work on a new POM during September, October, or November 2013. The records also show that neither Beauchamp nor any other Clark Hill attorney even attempted to contact Chittick about the new POM.").

<sup>234</sup> See DIC0003345, Mr. Beauchamp's handwritten notes dated May 9, 2013; email dated June 25, 2013 from Mr. Beauchamp to Ms. Sipes; email dated July 1, 2013 from Ms. Sipes to Mr. Beauchamp.

<sup>235</sup> See email exchange dated June 14, 2013 between Mr. Beauchamp and Mr. Chittick.



**b. The Defendants Failed to Conform DenSco Policies and Procedures to Those Disclosed in the POM – and Vice Versa**

With each red flag warning, the Defendants became increasingly aware that material statements contained in the 2011 POM were no longer in compliance with Rule 10b-5, especially with respect to DenSco's first lien position,<sup>236</sup> its loan-to-value ratio,<sup>237</sup> and the diversity of its borrowers.<sup>238</sup> In addition, the 2011 POM touted DenSco's historical success rate, including that "no Noteholder has sustained any diminished return or loss on their investment."<sup>239</sup>

In my opinion, the Defendants should have recognized that each of these statements was materially inaccurate in light of the Menaged fraud and DenSco's improper and risky funding procedure, and yet the Defendants failed to make any effort to update or correct these statements until after the Forbearance Agreement was completed in mid-April 2014. And even in the Draft 2014 POM which the Defendants prepared after the Forbearance Agreement was executed, the Defendants failed to modify or correct such statements.

**3. The Defendants' Failures with Respect to Mr. Chittick**

**a. The Defendants Failed to Recognize that DenSco, and not Mr. Chittick, was the Client**

The record is replete with evidence that the Defendants considered Mr. Chittick to be their client and/or that it was their responsibility to protect him. For example, in February 2014, Mr. Beauchamp communicated to Mr. Goulder (Mr. Menaged's attorney) that the Forbearance Agreement "needs to comply with *Denny's* fiduciary obligation to his investors as well as not become evidence to be used against *Denny* for securities fraud."<sup>240</sup> Shortly thereafter, Mr. Beauchamp communicated to Mr. Chittick that the Forbearance Agreement "has to have the necessary and essential terms to protect *you* from potential litigation from investors and third parties."<sup>241</sup>

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<sup>236</sup> See page 37, 2011 POM.

<sup>237</sup> See pages 10 & 37, 2011 POM.

<sup>238</sup> See pages 10 & 36-37, 2011 POM. See also pages 9-10, lines 25-2, Defendants' DS ("by the end of 2013, more than half of [DenSco's] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors").

<sup>239</sup> See page 39, 2011 POM ("Since inception through June 30, 2011, ... [e]ach and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholders 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.").

<sup>240</sup> Email dated February 7, 2014 from Mr. Beauchamp to Mr. Goulder (Mr. Menaged's attorney), copying Mr. Chittick [italics added].

<sup>241</sup> Email dated February 9, 2014 from Mr. Beauchamp to Mr. Chittick [italics added]. See, also, email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick ("I wanted to protect *you* as much as I could." [italics added]); Mr. Beauchamp's handwritten notes of his telephone call with

Mr. Beauchamp failed to understand or recognize that it was DenSco, and not Mr. Chittick, that was his client and that of Clark Hill, even though the Clark Hill Engagement Letter that he signed made expressly clear that Mr. Chittick was *not* the client.<sup>242</sup> In my opinion, such failure was in violation of Rule 1.13 of the Arizona Rules of Professional Conduct and in violation of the applicable standard of care.

**b. The Defendants Failed to Properly Advise Mr. Chittick as an Officer and Director of DenSco**

The Defendants failed to properly advise Mr. Chittick that he was causing DenSco to engage in securities fraud by continuing to sell Notes based on disclosures in the outdated, incorrect and expired 2011 POM.

For the reasons stated above,<sup>243</sup> the Defendants' conduct fell below the standard of care to the extent that they were relying on any purported claim by Mr. Chittick that he was making proper disclosures to investors without an updated and corrected POM.

The Defendants failed to properly advise Mr. Chittick that the Defendants would be required to withdraw from the attorney-client relationship unless he caused DenSco to either cease soliciting investors or provide investors with Rule 10b-5 compliant disclosures.

The Defendants failed to properly advise Mr. Chittick of his fiduciary duties to DenSco. The Defendants further failed to assess whether DenSco was insolvent (or in the zone of insolvency) as a result of the Menaged fraud, in which case Mr. Chittick should also have been advised of his fiduciary duties to the Noteholders.

The Defendants failed to properly advise Mr. Chittick that it was his obligation to protect and preserve DenSco's assets, and to not pursue a Plan that would benefit Mr. Chittick individually (such as to preserve his reputation and/or equity stake in DenSco) at the risk of DenSco or the Noteholders. The Defendants failed to promptly and definitively instruct Mr. Chittick to not fund loan proceeds to borrowers. When Mr. Chittick informed Mr. Beauchamp by email that he provides funds directly to Mr. Menaged and most other borrowers to acquire properties at auctions,<sup>244</sup> rather than reaffirm the "fundamental importance" of adhering to the advice that he

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Mr. Chittick on February 27, 2014 ("will need Forbearance Agmt to ... protect *Denny*" [italics added]).

<sup>242</sup> Engagement Letter dated September 12, 2013 (referenced above).

<sup>243</sup> See "Defendants Allege They Withdrew from Representing DenSco in May 2014" above.

<sup>244</sup> Email dated January 9, 2014 from Mr. Chittick to Mr. Beauchamp ("If i cut cashiers check and take it to the trustee myself, i dont' get receipt that DenSco Paid for it. i get a receipt saying that property was paid for, for X \$'s vested in borrower's name. my name doesn't appear on it. other than having a cashiers check receipt saying that i made a check out for it, there isn't anything from the trustee saying that it was my check. i could wire Scott the money, he could produce cashiers check that says remitter is DenSco and it would have the exact same affect as if

had been giving since 2007,<sup>245</sup> Mr. Beauchamp simply replied “Let me see what the other lenders got from the Trustee and we can make a better decision.”<sup>246</sup> There is nothing in the record that I have reviewed that indicates Mr. Beauchamp followed up with Mr. Chittick on this exchange or took appropriate action to ensure that Mr. Chittick ceased this improper and risky funding procedure.

And the Defendants failed to advise Mr. Chittick as to how to best protect and preserve the corporation’s assets, especially with respect to those outstanding loans that were not adequately protected by first lien mortgages. Nor did they conduct the requisite due diligence and research in order to properly consider available alternatives.

The Defendants’ conduct fell below the applicable standard of care by, in effect, aiding and abetting Mr. Chittick’s wrongful conduct by focusing their attention on the Forbearance Agreement rather than on DenSco’s rights and remedies in connection with the Menaged fraud and on updating and correcting the 2011 POM. In other words, by failing to terminate the attorney-client relationship, the Defendants provided substantial assistance in Mr. Chittick’s wrongful conduct. The Defendants’ conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

#### **4. The Defendants Failed to Protect DenSco from Mr. Chittick**

The Defendants’ conduct fell below the applicable standard of care by failing to realize, and act on the fact, that Mr. Chittick’s interests conflicted with those of DenSco’s. As the director, officer and sole shareholder of DenSco, Mr. Chittick had a fiduciary duty to act in the best interest of DenSco, and not in his own self-interest.

The Defendants failed to recognize that, while Mr. Chittick’s Plan and the Forbearance Agreement benefited Mr. Menaged and perhaps Mr. Chittick, the speculative benefit to DenSco (if any) was greatly outweighed by the burdens to DenSco. As discussed above, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including the obligation (in accordance with Mr. Chittick’s Plan) to misuse DenSco’s funds by throwing good

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i got cashiers check that said I’m the remitter. i don’t just do this with scott, i do this with 90% of the guys that i fund at the auctions.” [SIC]),

<sup>245</sup> See page 6, Defendants’ DS (“Mr. Beauchamp ... provided advice to DenSco regarding proper loan documentation procedures since at least 2007. DenSco and Mr. Chittick were both advised, and understood, (a) that DenSco should fund loans through a trustee, title company or other fiduciary, (b) that DenSco was representing to its investors that DenSco’s loans would be in first position, and (c) that it was of fundamental importance that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.”).

<sup>246</sup> Email dated January 9, 2014 from Mr. Beauchamp to Mr. Chittick. See, also, Plaintiff’s DS ¶ 213(a) (“Chittick had been grossly negligent in managing DenSco’s loan portfolio, by not complying with the terms of the Mortgage, which called for DenSco to issue a check payable to the Trustee, and instead wiring money to Menaged, trusting Menaged to actually use those funds to pay a Trustee.”).

money after bad in a manner that was inconsistent with the disclosures made to investors in the 2011 POM.

The Defendants fell below the applicable standard of care by allowing and assisting Mr. Chittick in protecting his own self-interest, by among other things: (1) continuing to provide additional funds to Mr. Menaged; (2) delaying disclosure to investors; (3) implementing Mr. Chittick's Plan before making appropriate disclosures to investors; and (4) negotiating and entering into the Forbearance Agreement to the detriment of DenSco and its Noteholders.

Under the circumstances, in accordance with Rules 1.13(b) and 1.2 of the Arizona Rules of Professional Conduct, the Defendants could have – and in my opinion should have – reported Mr. Chittick's breaches to the proper authorities and/or the Noteholders in order protect DenSco against Mr. Chittick.

## **5. The Defendants' Conflicts of Interest**

The Defendants fell below the standard of care, and violated the applicable Rules of Professional Conduct, by failing to recognize and properly address two conflicts of interest: first, the conflict of interest created by concurrently representing both DenSco and the Chittick Estate, when DenSco had potential claims against the Estate for malfeasance by Mr. Chittick; and second, the conflict of interest in representing DenSco in wind down matters when DenSco had potential claims against the Defendants for malfeasance.

### **a. The Defendants Failed to Recognize the Concurrent Conflict of Interest Between DenSco and the Chittick Estate**

For the reasons stated above, the Defendants knew that Mr. Chittick had violated his fiduciary duties to DenSco, and that as a result DenSco had potential claims against Mr. Chittick and, following his death, against the Chittick Estate.<sup>247</sup> However, rather than consider and pursue such claims against the Chittick Estate, the Defendants concurrently took on the representation of the Chittick Estate. Such representation was in violation of Rule 1.7 of the Arizona Rules of Professional Conduct: “a lawyer shall not represent a client if ... the representation of one client will be directly adverse to another client.” It would have been contrary to the interests of the Chittick Estate for DenSco to consider or pursue claims against the Chittick Estate for Mr. Chittick's malfeasance, and yet, as wind down counsel to DenSco, it was the obligation of the Defendants to consider and pursue such claims (as independent legal counsel to DenSco would have done, and as the Receiver in fact has done).<sup>248</sup>

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<sup>247</sup> See, e.g., Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Mr. Hyman (“Due to potential conflicts of interest, we have resigned as counsel to the Estate and new counsel has been appointed or is being appointed for the Estate.”).

<sup>248</sup> See Arizona Rules of Professional Conduct, Rule 1.7, Comment [3] (“A conflict of interest may exist before representation is undertaken, in which event the representation must be declined”); Comment [4] (“If a conflict arises after representation has been undertaken, the lawyer ordinarily must withdraw from the representation”); Comment [6] (“Loyalty to a current client prohibits undertaking representation directly adverse to that client ... a lawyer may not act

The Defendants failed to secure informed consent, confirmed in writing, to such conflict, as required by Rule 1.7. In fact, it's not clear that anyone could have provided such consent on behalf of the Chittick Estate prior to the appointment of Ms. Heuer as the personal representative of the Chittick Estate (which appointment was done during the course of the Defendants' representation of the Chittick Estate), and even after Ms. Heuer was appointed, it does not appear that the Defendants sought or received the required consent from her.

**b. The Defendants Failed to Recognize the Conflict of Interest Between Wind Down Work for DenSco and the Defendants' Interests**

For all the reasons stated above, the Defendants' conduct fell below the standard of care, resulting in potential claims that DenSco may bring against the Defendants for malfeasance. The Defendants were well aware of such risk and the resulting conflict of interest.<sup>249</sup> Despite such conflict of interest, the Defendants actively stepped into the role as legal counsel to DenSco in connection with wind down and transition matters, and Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco.

Such representation was in violation of Rule 1.7 of the Arizona Rules of Professional Conduct: "a lawyer shall not represent a client if ... there is a significant risk that the representation ... will be materially limited ... by a personal interest of the lawyer." It would have been contrary to the personal interests of the Defendants for DenSco to consider or pursue claims against the Defendants for their malfeasance, and yet, as wind down counsel to DenSco, it was the

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as an advocate in one matter against a person the lawyer represents in some other matter"); Comment [8] ("a conflict of interest exists if there is a significant risk that a lawyer's ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited as a result of the lawyer's responsibilities .... The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.").

<sup>249</sup> See, e.g., DIC0009476, the Iggy Letter dated July 28, 2016 ("Dave never made me tell the investors"; "I talked Dave my attorney in to allowing me to continue without notifying my investors."; "Dave my attorney ... let me get the workout signed not tell the investors and try to fix the problem. That was a huge mistake."); email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick ("I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could."); pages 447-448, lines 19-15, Deposition of Mr. Beauchamp ("Q. Did you discuss with [Ms. Heuer] potential conflicts of interest that you and Clark Hill would have with respect to representing DenSco? A. Yes. ... Q. Did you disclose to her that Clark Hill was concerned about potential claims that could be made against Clark Hill regarding your representation of DenSco? A. Yes."); page 140, lines 10-20, Deposition of Mr. Hood ("Q. ... On August 2nd, August 3rd, 2016, with all of the information that Clark hill [sic] knew, could Clark Hill reasonably anticipate that a receiver might sue Clark Hill for damages? ... THE WITNESS: ... I suppose it was a possibility").

obligation of the Defendants to consider and pursue such claims (as independent legal counsel to DenSco would have done, and as the Receiver in fact has done).<sup>250</sup>

The Defendants failed to secure informed consent, confirmed in writing, to such conflict, as required by Rule 1.7. In fact, it's not clear that anyone could have provided such consent on behalf of DenSco following the death of Mr. Chittick, and even after Ms. Heuer was appointed as the personal representative of the Chittick Estate (not that such appointment would have necessarily given her the authority to consent to the conflict of interest on behalf of DenSco), it does not appear that the Defendants sought or received the required consent from her.

Following Mr. Chittick's death, rather than consider and pursue claims that DenSco might have against the Defendants, it appears that Mr. Beauchamp actively tried to protect himself and Clark Hill. As discussed above, it appears that Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco, despite not necessarily having the requisite skills to do so nor having an authorized and competent client representative from whom to take instruction, receive approvals or seek guidance. Further, Mr. Beauchamp advocated against each of the following: (1) having a receiver or trustee appointed to conduct the wind down of DenSco;<sup>251</sup> (2) having any investor become an authorized representative of DenSco;<sup>252</sup> and (3) having the state regulator take any active role.<sup>253</sup>

In my opinion, these actions violated the standard of care applicable to Mr. Beauchamp, and suggest that Mr. Beauchamp was attempting to persuade the investors to support him as the

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<sup>250</sup> See Arizona Rules of Professional Conduct, Rule 1.7, Comment [8] (“a conflict of interest exists if there is a significant risk that a lawyer’s ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited as a result of the lawyer’s ... interests. ... The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.”); Comment [10] (“The lawyer’s own interests should not be permitted to have an adverse effect on representation of a client. For example, if the probity of a lawyer’s own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice.”).

<sup>251</sup> See, e.g., Exhibit 213, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (“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”).

<sup>252</sup> See, e.g., Exhibit 213, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (“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”).

<sup>253</sup> See, e.g., Exhibit 256, Deposition of Mr. Beauchamp, email dated August 9, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors (“We need to be willing but not overly anxious to turn it over to the Securities Division. Several people in government made names and careers with the Mortgages Ltd. matter and we do not want this to turn into anything like that.”).

appropriate person to wind down the business, thereby avoiding or delaying the pursuit of claims that DenSco might have against the Defendants. One could reasonably infer that Mr. Beauchamp wanted to control the wind down so as to protect himself because if a receiver were to be appointed, he or she would file a claim against the Defendants on behalf of DenSco – which is exactly what happened in this Case.

In addition, Mr. Beauchamp's testimony at the receiver appointment hearing that he represented both DenSco and Mr. Chittick, together with his former law firm's assertion of a joint attorney-client privilege premised on that testimony, further complicated and delayed the Receiver's ability to obtain and utilize DenSco's files from Clark Hill. One could also reasonably infer that Mr. Beauchamp intended such result so as to protect himself, especially with respect to preventing disclosure of the Iggy Letter, the Chittick Investor Letter dated July 28, 2016, and the DenSco Journal, all of which implicate the Defendants.

Under the circumstances, the Defendants' conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

#### **6. The Defendants Failed to Withdraw from Representing DenSco**

Finally, in my opinion, the Defendants failed to properly withdraw from the representation of DenSco on a timely basis, as required by Rules 1.16 and 1.2 of the Arizona Rules of Professional Conduct.

#### **V. CONCLUSION**

It is my opinion, as detailed above and based on the record I have reviewed, that the Defendants violated the applicable standard of care in their representation of DenSco.

\* \* \*

I reserve the right to supplement, update or amend my opinions as new information becomes available or is brought to my attention.

  
Neil J Wertlieb

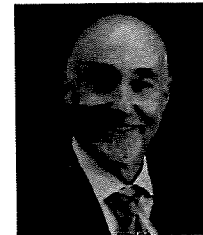
March 26, 2019



**Exhibit A**

**Curriculum Vitae of Neil J Wertlieb**

**NEIL J WERTLIEB**  
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Pacific Palisades, CA 90272  
(424) 265-9659  
Neil@WertliebLaw.com



## CURRENT PROFESSIONAL ACTIVITIES



**Wertlieb Law Corp**  
*Principal*

2017 – Present

- Wertlieb Law Corp provides expert witness and expert consulting services to attorneys in their litigation and arbitration matters
  - Our engagements have been focused primarily in two areas:
    - Disputes involving business transactions, corporate governance and fiduciary duties
    - Cases involving attorney ethics and attorney malpractice
  - I have served as an expert in dozens of such disputes and cases
  - I have testified numerous times, in court (both bench and jury trials), in arbitration and in depositions
- Other services provided by Wertlieb Law Corp include:
  - Mediation services for business disputes
  - Board of director appointments
  - Ethics consulting
  - MCLE presentations
  - Legal services
- For more detailed information, see [www.WertliebLaw.com](http://www.WertliebLaw.com)



**UCLA School of Law**  
*Adjunct Professor / Lecturer in Law*

2002 – Present

- I teach a transaction skills course entitled “Life Cycle of a Business,” a course of my own design focusing on deals, negotiation, contract drafting and ethics
- 3-unit course satisfies one of the requirements for students seeking a Business Law and Policy Specialization



**Ballantine & Sterling: California Corporation Laws**  
*General Editor*

2012 – Present

- 7-volume treatise on the laws governing businesses in the State of California
- In-depth practical guidance concerning the formation, operation and dissolution of corporations, partnerships, limited liability companies and other business entities
- Cited as authority in over 500 federal and state court opinions, 25 SEC No-Action Letters and other administrative reference materials, and 50 law review articles



**Milbank@Harvard**  
**Senior Advisor**

2018 – Present

- Engaged by Harvard Law School Executive Education
- This professional development program provides attorneys at Milbank, Tweed, Hadley & McCloy LLP with immersive week-long programs to build leadership and business skills each year for four years, as they progress from mid-level associates to senior associates
- Led by Harvard Law School and Harvard Business School faculty, the program covers topics such as business, finance, accounting, marketing, law, management skills, client relations and personal and professional development
- As Senior Advisor, I attend program sessions at Harvard and provide input, guidance and assistance in formulating the program and connecting it to work at Milbank



**State Bar of California, Office of Chief Trial Counsel**  
**Special Deputy Trial Counsel**

2017 – Present

- The State Bar Office of Chief Trial Counsel must recuse itself when it receives a disciplinary complaint against an attorney who has a close professional, personal, family or financial connection with the State Bar of California
- To avoid an appearance of impropriety under such circumstances, an independent Special Deputy Trial Counsel is appointed, with all the powers and duties of the Chief Trial Counsel, to investigate and, if warranted, prosecute alleged misconduct by such an attorney
- Since my appointment as a Special Deputy Trial Counsel, I have worked on several such matters

## **EMPLOYMENT HISTORY**



**Milbank, Tweed, Hadley & McCloy LLP, Los Angeles**  
**Partner**

1995 – 2016

- General Practice Areas: Business transactions, primarily acquisitions, finance, securities offerings and restructurings
- Representative transactions:
  - Represented an NYSE-listed company as regular outside corporate counsel in numerous transactions, including IPO, acquisitions, financings and a change-in-control transaction
  - Represented underwriters in the initial public offering of a California-based home builder, considered by *The Daily Journal* to be one of the Top 10 IPOs of 2013
  - Led the restructuring of a social network company for which Milbank received an “M&A Advisor” Award for Deal of the Year (2014) from *The M&A Advisor*
  - Represented the finance subsidiary of one of the world’s largest automotive companies in numerous debt financings totaling almost \$20 billion

- Represented the venture capital investing subsidiaries of three major public companies – a multinational conglomerate, a leading telecom company and a large U.S. bank – in over 50 different investments in early stage companies
- Represented two different alternative energy companies in sale transactions for which Milbank received the “Top Legal Advisor Award for M&A” from *Bloomberg New Energy Finance*
- Represented family owners in disposition transactions for a fashion optical company, a broadcast company and a hair care company
- Represented unsecured lenders in the restructuring of a print media company with over \$10 billion in debt
- **Administrative Responsibilities:**
  - Chair of Ethics Group for California Practices
  - Corporate Governance Group
  - Professional Development Committee
  - Milbank@Harvard (training program for associates)
  - Hiring Partner for Los Angeles Office



**IDB Communications Group, Inc., Culver City, CA**  
*Vice President, General Counsel & Secretary*

1992 – 1995

- IDB was the fourth-largest U.S.-based provider of international telephone service when it was acquired by WorldCom, Inc. in December 1994
- As General Counsel, responsible generally for all legal matters, including acquisitions, financings and loan transactions, securities law compliance, litigation and crisis management, employment disputes, real estate transactions, board of director meetings, corporate records and customer contracts
- Responsibilities included what was then the second largest equity offering by a NASDAQ-listed company
- Named Executive Officer & Member of Executive Committee
- Established and supervised legal department of nine attorneys and five legal assistants



**Los Angeles Kings Hockey Team, Culver City, CA**  
*General Counsel (part-time) & Director*

1994 – 1995

- Responsible for the acquisition transaction in which the Chairman of IDB Communications Group, Inc. acquired a controlling interest in the Kings
- General ongoing responsibilities included management, player and broadcast contracts and interaction with the National Hockey League and lenders
- Member of Board of Directors



**O'Melveny & Myers, Los Angeles, CA**  
*Associate*

1984 – 1992

- **Practice Areas:** Transactional work focused on public and private securities financings (including initial public offerings), mergers and acquisitions, joint ventures and general corporate and contractual matters

- Administrative Responsibilities: Monitoring of legislative developments in California, training seminars, summer committee, executive compensation group, and “blue sky overseer”



**California Supreme Court, San Francisco, CA**  
***Judicial Extern for Associate Justice Stanley Mosk***

1983

- Responsible for reviewing and evaluating Petitions for Hearing and drafting judicial opinions for the longest-serving justice on the California Supreme Court

## **EDUCATION**

**UC Berkeley School of Law, Berkeley, CA**  
***Juris Doctor Degree***

1982 – 1984

- Juris Doctor awarded 1984
- Associate Editor, *International Tax & Business Lawyer*

**UC Hastings College of the Law, San Francisco, CA**

1981 – 1982

- Top 1% (ranked number 5 in first-year class of 503 students)
- Transferred to UC Berkeley School of Law after first year
- Law Review (awarded based on both grades and writing competition)

**UC Berkeley School of Business Administration, Berkeley, CA**  
***Bachelor of Science Degree***

1976 – 1980

- Bachelor of Science awarded 1980 in Management Science
- Honor Students Society
- Alumni Scholarship Award
- Dormitory Government Chairman

## **LEADERSHIP POSITIONS**

### **STATE BAR OF CALIFORNIA & CALIFORNIA LAWYERS ASSOCIATION**

- **Committee on Professional Responsibility and Conduct** 2008 – 2014  
***Chairman***
  - COPRAC is a standing committee of the Board of Trustees of the State Bar of California, whose primary charge is the development and issuance of advisory ethics opinions to assist attorneys in understanding their professional responsibilities under the California Rules of Professional Conduct
  - Chair during 2012-2013, Vice Chair during 2011-2012, Advisor during 2013-2014
  - Organized, moderated and participated on numerous panel presentations on various ethical issues, including at the Annual Meeting of the State Bar and at the Annual Ethics Symposium

- Authored several ethics opinions and, as Chair of COPRAC's Rules Revision Commission Subcommittee, led COPRAC's efforts in reviewing and commenting on proposed new rules of professional conduct
  
- **Business Law Section** 2003 – 2008  
*Chairman*
  - The Business Law Section serves as a forum to educate attorneys on recent developments and current issues in all fields of business law
  - Chair during 2006-2007, Vice Chair for Legislation during 2005-2006, and Member of the Executive Committee the remaining duration of my 5-year term
  
- **Corporations Committee** 1999 – 2003  
*Chairman*
  - The Corporations Committee is a standing committee of the Business Law Section, focused on the laws relating to corporations and business transactions
  - Co-Chair during 2001-2002, Vice Chair for Legislation during 2000-2001
  - As Vice Chair for Legislation, responsible for the Section's efforts to prepare and advocate for legislative proposals to amend the California Corporations Code
  
- **Business Litigation Committee** 2016 – Present  
*Vice Chair*
  - The Business Litigation Committee is a standing committee of the Business Law Section, focused on the laws relating to business disputes in California
  - Co-Vice Chair during 2018-2019
  
- **Business Law News** 2008 – Present  
*Editorial Advisor*
  - The *Business Law News* is the official publication of the Business Law Section of the California Lawyers Association (formerly the California State Bar)
  - Providing advice and guidance to the Editorial Board of the *Business Law News*

#### **LOS ANGELES COUNTY BAR ASSOCIATION**

- **Professional Responsibility and Ethics Committee** 2013 – Present  
*Chairman*
  - PREC is a standing committee of the Board of Trustees of the Los Angeles County Bar Association, whose primary mission is to prepare written opinions and responses to questions concerning the ethical duties and responsibilities of lawyers
  - Chair during 2018-2019, Vice Chair during 2017-2018, Secretary during 2016-2017
  - As Chair of PREC's Rules Revision Commission Subcommittee, led PREC's efforts in reviewing and commenting on proposed new rules of professional conduct

#### **BOARD APPOINTMENTS**

- **Windward School** 2013 – Present  
*Chair & Member, Board of Trustees*
  - Windward School is an independent middle and high school in Los Angeles

- Also served on Executive Committee and as Co-Chair of Committee on Trustees and Chair of Strategic Planning Committee
  
- **Los Angeles Arts Association** 2010 – 2018  
*Member, Board of Directors*
  - As a 501(c)(3) nonprofit organization, LAAA's mission since 1925 is to provide opportunities, resources, services and exhibition venues for Los Angeles artists, with an emphasis on emerging talent
  
- **Village School** 2008 – 2014  
*Member, Board of Trustees & Executive Committee*
  - Village School is a TK through Sixth Grade independent school in Los Angeles
  - Also served on the Finance Committee and as Chair of the Legal Committee
  
- **Los Angeles Kings Hockey Team** 1994 – 1995  
*Member, Board of Directors*
  - Also served as General Counsel of this National Hockey League team
  
- **821 Bay Street Homeowners Association, Inc.** Early 1990s  
*President & Member, Board of Directors*
  - Homeowners association for 15-unit condominium complex in Santa Monica
  
- **Co-Opportunity Consumers Cooperative, Inc.** Late 1980s  
*Member, Board of Directors*
  - The “co-op” is a community owned and operated market based in Santa Monica

## **RECOGNITIONS, SPEAKING ENGAGEMENTS & PUBLICATIONS**

### **Recognitions & Honors**

- “AV Preeminent” peer review rated (5.0 out of 5.0) on Martindale-Hubbell (Present)
- Profiled in *The Lexis Practice Advisor Journal*: “An Overview of Corporate Transactional Practice & Expert Witnessing: Q&A with Neil J Wertlieb” (Spring 2016)
- Led transactions for which Milbank received an “M&A Advisor” Award for Deal of the Year and an “M&A Advisor Turnaround” Award from *The M&A Advisor* (2014)
- Advised underwriters on an initial public offering selected by *The Daily Journal* as one of the Top 10 IPOs (2013)
- Recognized in *The Legal 500* for M&A work (2012)
- Led two transactions for which Milbank received the “Top Legal Advisor” Award for M&A from *Bloomberg New Energy Finance* (2009)
- Recognized by *Super Lawyers* as a Top Rated Mergers & Acquisitions Attorney and for his Corporate Finance work (2004)
- Profiled in *California Law Business*: “The 100 Most Influential Lawyers in California” (October 30, 2000)
- Profiled in *Los Angeles Business Journal*: “Who’s Who Banking & Finance: Roadkill Warriors” (October 16, 2000)

- Profiled in *California Law Business*: “Dealmaker of the Week” (October 9, 2000)
- Profiled in *Los Angeles Business Journal*: “Wall Street West: Cyber Lawyer” (September 20-26, 1999)

#### **Speaking Engagements (since 2000)**

- Presenter, “California’s New Rules of Professional Conduct,” presentations to various law firms and other organizations in Southern California (2018 – Present)
- Moderator, “Ethical Issues for In-House Counsel,” Lowell Milken Institute for Business Law and Policy at UCLA School of Law, Palo Alto, CA (January 30, 2019)
- Presenter, “The New Rules of Professional Conduct,” California Lawyers Association, Webinar (January 29, 2019)
- Presenter, “The New Rules of Professional Conduct,” J. Reuben Clark Law Society, Irvine, CA (January 17, 2019)
- Presenter, “The New Rules of Professional Conduct (for Transactional Lawyers),” Los Angeles County Bar Association’s Business and Corporations Law Section, Webinar (January 15, 2019)
- Panelist, “Ethics – All You Need to Know: Conflicts, Conflicts, Conflicts – What the New Rules and the *Sheppard Mullin v. J-M* Case have To Say,” Los Angeles County Bar Association’s Annual Program on Ethics, Los Angeles, CA (January 13, 2019)
- Moderator, “How to Keep Your Expert In and Their Expert Out,” California Lawyers Association’s Business Law Section, Webinar (November 6, 2018)
- Presenter, “A New Chapter in Professional Responsibility,” Lowell Milken Institute for Business Law and Policy at UCLA School of Law, Los Angeles, CA (October 30, 2018)
- Presenter, “Trials and Tribulations – Tactics, Strategies and Updates for the Business Litigator: The Ethical Use of Expert Witnesses,” California Lawyers Association’s Solo and Small Firm Section, Los Angeles, CA (October 18, 2018)
- Panelist, “Conflict Waivers, Mediation Waivers, New Rules - Oh My! Avoiding Ethical Traps Triggered by Recent Developments Under California Law,” Beverly Hills Bar Association, Los Angeles, CA (October 11, 2018)
- Presenter, “New Rules of Professional Conduct go into Effect on November 1, 2018 – Are You Ready?,” California Lawyers Association Annual Meeting, San Diego, CA (September 14, 2018)
- Panelist, “New Rules of Professional Conduct go into Effect Later this Year – *ARE YOU READY?*,” Los Angeles County Bar Association, Los Angeles, CA (August 21, 2018)
- Panelist, “Brave New World: What Business Lawyers Need to Know About the Sea Change to New Rules Of Professional Conduct,” Beverly Hills Bar Association, Beverly Hills, CA (July 12, 2018)
- Presenter, “Contracts 101: The Contract of the Year – *But is it Enforceable?*” presentations to various law firms and other organizations in Southern California (2018)
- Presenter, “Teach the Basics of Contract Drafting, Corporate Governance & Transactional Law . . . *in One Single Sentence!*” Emory Law’s 6<sup>th</sup> Biennial Conference on Teaching Transactional Law and Skills, Atlanta, GA (June 1, 2018)



- Panelist, “Advising Clients on the Formation of Legal Entities in California – Ethical Issues,” California Lawyers Association’s Business Law Section, Los Angeles, CA (March 30, 2018)
- Presenter, “The Proposed Rules of Professional Conduct – What Every Litigator Should Know,” California Lawyers Association’s Litigation Section, Webinar (March 1, 2018)
- Presenter, “Proposed Changes to California Professional Conduct Rules for Transactional Attorneys,” Los Angeles County Bar Association’s Business and Corporations Law Section, Webinar (January 29, 2018)
- Presenter, “The Proposed Rules of Professional Conduct,” presentations to various law firms in Southern California (2017 – 2018)
- Moderator, “Conflicts of Interest: Guidelines for Every Lawyer’s Success,” American Bar Association’s Center for Professional Development, Webinar (July 20, 2017)
- Panelist, “Ethics Issues Relating to the Use of Expert Witnesses,” American Bar Association’s National Conference on Professional Responsibility, St. Louis, MO (June 2, 2017)
- Panelist, “Ethics in, and Negotiating and Preserving Privilege in, M&A Transactions,” American Bar Association’s Business Law Section Spring Meeting, New Orleans, LA (April 6, 2017)
- Moderator, “Venture Capital Panel,” Law and Entrepreneurship Association of UCLA School of Law, Los Angeles, CA (April 4, 2017)
- Panelist, “Ethics – All You Need to Know: The Ethical Use of Expert Witnesses,” Los Angeles County Bar Association’s Annual Program on Ethics, Los Angeles, CA (January 14, 2017)
- Presenter, “The Ethical Use of Expert Witnesses,” presentations to various litigation groups in Southern California (2016 – Present)
- Panelist, “The Effective and Ethical Use of Expert Witnesses,” Annual Meeting of the California State Bar, San Diego, CA (September 30, 2016)
- Presenter, “Key Ethical Issues When Ending the Attorney-Client Relationship,” Bloomberg BNA Ethics, Webinar (April 12, 2016)
- Panelist, “Phantom Clients and How to Exorcise Them,” LMRM Conference, Chicago, IL (March 3, 2016)
- Presenter, “How to Be, and How to Use, an Expert Witness,” California State Bar, Webinar (November 4, 2015)
- Presenter, “Ethics for the In-House Attorney,” presentations to 15 legal departments in California and New York, approximately 1,000 in-house attorneys (2011 – 2014)
- Panelist, “Ethics Update 2014: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, San Diego, CA (September 12, 2014)
- Panelist, “Ethics Update 2013: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, San Jose, CA (October 11, 2013)
- Moderator, “Doing Good Made Easy (or at Least Easier): Ethical Issues Arising in *Pro Bono* Representations,” Annual Ethics Symposium of the California State Bar, Los Angeles, CA (April 20, 2013)
- Panelist, “Ethics Update 2012: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, Monterey, CA (October 12, 2012)
- Moderator, “The No Contact Rule: Up Close and Personal,” Annual Ethics Symposium of the California State Bar, San Francisco, CA (May 19, 2012)

- Co-Teacher, “Negotiations: Creating and Claiming Value,” Harvard University, Cambridge, MA (February 16, 2012 & November 17, 2011)
- Co-Teacher, “Negotiations: Strategies of Influence,” Harvard University, Cambridge, MA (November 15, 2011)
- Moderator & Panelist, “Dealing with Difficult Clients While Maintaining Your Professional Responsibility,” Annual Meeting of the California State Bar, Long Beach, CA (September 17, 2011)
- Moderator, “Ethics on the Inside (Ethical Issues Faced by In-House Attorneys),” Annual Ethics Symposium of the California State Bar, Irvine, CA (April 9, 2011)
- Moderator & Panelist, “Conflicts for Lawyers: How to Get Yourself Disqualified, Sued and Disciplined,” Annual Meeting of the California State Bar, Monterey, CA & San Diego, CA (September 24, 2010 & September 11, 2009)
- Panelist, “When Private Equity Comes Calling: The Role of Corporate Counsel in Takeover Transactions,” 2007 Institute for Corporate Counsel, Los Angeles, CA (December 6, 2007)
- Presenter, “Basics of Mergers & Acquisitions,” Southern California Chapter of ACCA, Los Angeles & Orange Counties, CA (November 8, 2006)
- Panelist, “Developments in Corporate Governance: Revisiting Director Voting and other Hot Potatoes,” ABA Business Bar Leaders Conference, Chicago, IL (May 10, 2006)
- Panelist, “Legislation: Turning Ideas into Law: Effective Legislative Strategies for Business Law Organizations,” ABA Business Bar Leaders Conference, Chicago, IL (May 10, 2006)
- Panelist, “Mergers & Acquisitions: Growth, Access to Capital and Liquidity through Mergers, Acquisitions and Strategic Alliances,” The Investment Capital Conference 2004, Los Angeles, CA (April 27, 2004)
- Guest Lecturer, “Corporate Governance,” USC Business School, Course on Advanced Finance, Los Angeles, CA (July 26, 2004)
- Moderator & Panelist, “Doing Business Online: Financing Online Operations,” Law Seminars International, Los Angeles, CA (August 25, 2000)

**Publications (since 2004)**

- *Ballantine & Sterling: California Corporation Laws*, General Editor (2012 – Present)
- *Life Cycle of a Business: Transaction Skills*, UCLA Law Course Reader, Editor (2002 – Present)
- *Lexis Practice Advisor: Ethics For In-House Counsel*, Contributing Author (2015 – Present)
- “Teach the Basics of Contract Drafting, Corporate Governance & Transactional Law in One Sentence,” *20 Tennessee Journal of Business Law* 387 (2019)
- “An Update: Rules of Professional Conduct,” *The Practitioner* (Summer 2018)
- “New Rules of Professional Conduct,” *Business Law News* (2018)
- “New Rules: The Entirely New Rules,” *The Daily Journal* (Part 3 of 3-part series) (June 1, 2018)
- “New Rules of Conduct: The Uncontroversial, But Important,” *The Daily Journal* (Part 2 of 3-part series) (May 25, 2018)

- “New Rules of Conduct: The Disruptive and Controversial,” *The Daily Journal* (Part 1 of 3-part series) (May 18, 2018)
- “Proposed New Ethics Rules, and Their Impact on Solo Practitioners,” *The Practitioner* (Spring 2018)
- “The Proposed Rules of Professional Conduct,” *Business Law News* (2018)
- “Proposed New Ethics Rules: What You Need to Know,” *Family Law News* (2018)
- “Best Behavior: Proposed Conduct Rules,” *Los Angeles Lawyer* (November 2017)
- “Ethics Issues in the Use of Expert Witnesses,” *The Professional Lawyer* (2017)
- “Special Coverage – Proposed Rules of Professional Conduct: Lawyer as Third-Party Neutral (Rule 2.4),” *The Daily Journal* (September 11, 2017)
- “Special Coverage – Proposed Rules of Professional Conduct: Organization as Client (Rule 1.13),” *The Daily Journal* (April 24, 2017)
- “What Transactional Lawyers Should Know About Conflicts of Interest,” *Business Law News* (with Nancy T. Avedissian) (2016)
- “The No Contact Rule Actually DOES Apply to Transactional Lawyers,” *Business Law News* (with Nancy T. Avedissian) (2015)
- “The Rules of Professional Conduct DO Apply to In-House Lawyers,” *Business Law News* (with Adam S. Bloom) (2015)
- “Ethical Issues for the In-House Transactional Lawyer,” *Business Law News* (with Adam S. Bloom) (2010)
- “Ex Parte Communications in a Transactional Practice,” *Business Law News* (with Nancy T. Avedissian) (2009)
- “Addressing Conflicts of Interest in a Transactional Practice,” *Business Law News* (with Nancy T. Avedissian) (2008)
- “Hostage Situation: Holders of Preferred Stock Can Become the Victims of Legal Blackmail by Common Stockholders When an Early-Stage Firm Fails – Unless They Take a Simple Step Up Front,” *The Deal* (October 25, 2004)

**Quoted as Authority (since 2017)**

- “Rules of Professional Conduct Approved by the Supreme Court,” *Ethics News*, State Bar of California website (2018 – Present)
- “Avenatti Saga Spotlights Attorney Ethics, When to Draw Lines,” *Bloomberg Law* (March 26, 2019)
- “Women on board: California law requiring female corporate directors could be unconstitutional,” *CBC News* (March 8, 2019)
- “Michael Avenatti’s Ex Mareli Miniutti Got Money Allegedly Hidden From Bankruptcy Court,” *The Daily Beast* (February 18, 2019)
- “Former Client Accuses Michael Avenatti of Operating Law Firm Like a ‘Ponzi Scheme,’” *The Daily Beast* (January 22, 2019)
- “Michael Avenatti Preps for Two Weeks of Hell: Child Support, Debts, and Abuse Allegations,” *The Daily Beast* (December 3, 2018)
- “Raging Wildfires Bring Concerns of Legal Fraud in California,” *Bloomberg Law* (November 16, 2018)
- “California Rules of Professional Conduct Update,” *Legal Talk Network* (October 16, 2018)

- “Media Companies Could Run Afoul of California Law Banning All-Male Boardrooms,” *The Hollywood Reporter* (October 4, 2018)
- “California is One of Few States Implementing New Anti-Harassment Rule,” *The Daily Journal* (September 27, 2018)
- “Judge Puts Brief Pause on CBS-Shari Redstone Legal Battle,” *Variety* (May 16, 2018)
- “Trump Boasts NDAs a Common Practice for ‘Celebrities and People of Wealth,’” *NBC News* (May 3, 2018)
- “Hidden Expert-Pay Ruling Won’t Improve J&J Odds at Retrial,” *Law360* (April 30, 2018)
- “Federal Judge Rejects Stormy Daniels’ Request for Expedited Trial,” *ABC News* (March 29, 2018)
- “Porn Star Raising Funds for Legal Expenses in Trump Disclosure Fight,” *ABC News* (March 14, 2018)
- “Corporations Must Embrace Diversity to Prevent Misconduct and Liability Costs from Sexual Harassment,” *Variety* (December 13, 2017)
- “Weinstein Scandal Triggers Questions of Corporate Liability and Even Complicity,” *Variety* (October 25, 2017)
- “California Cases To Watch In 2017,” *Law360* (January 2, 2017)

## **MISCELLANEOUS**

### **Bar Admissions & Memberships**

- Admitted to practice in California, New York & District of Columbia
- Member:
  - American Bar Association
  - Association of Professional Responsibility Lawyers
  - California Lawyers Association
  - Los Angeles County Bar Association

### **Personal**

- Married; father to 3 teenage boys
- Marathon runner: New York, Los Angeles, Ventura, Long Beach . . . and still going!



## Exhibit B

### List of Cases in Which I Have Testified as an Expert During the Past Four Years

*Robert Hayman v. Michael Treiman*

- Arbitration, Los Angeles County; Arbitrator Barbara A. Reeves (JAMS Case No. 1210035620)

*Feldman v. GearShift Inc., T. Blinn, N. Safyurtlu, E. Cwiertny & N. Tribe*

- Superior Court of the State of California for the County of Orange, Civil Complex Center; Judge Ronald L. Bauer (Case No. 30-2017-00951741)

*Kenneth D. Rickel v. Martin W. Enright, Littman Krooks, LLP, et al.*

- Superior Court of the State of California for the County of Los Angeles, Central District; Honorable Frederick C. Shaller (Case No. BC595770)

*Jeffrey I. Golden, Trustee of Aletheia Research and Management, Inc., v. O'Melveny & Myers LLP, Steven J. Olson and J. Jorge deNeve*

- Arbitration, Orange County; Arbitrator Honorable Gary A. Feess (Phillips ADR)

*Adam Levin v. Weingarten Brown LLP et al.*

- Arbitration, Los Angeles County; Arbitrator Edward J. Wallin (JAMS Ref. No. 1200051061)

*William Atkins, Gregory Smith, and John Waite v. Allen Z. Sussman*

- Arbitration, Los Angeles County; Arbitrator Irma E. Gonzalez (JAMS Ref. No. 1240054486)

*Sork v. Slaughter*

- Superior Court of the State of California for the County of San Diego, North County District; Honorable Timothy M. Casserly (Case No. 30-2015-00783369-CU-MC-CJC)

*Marino, et al. v. Greenberg Traurig, P.A.*

- Florida Circuit Court, Palm Beach County (Case No. 50-2016-CA-007297)

*EQT Production Company v. Vorys, Sater, Seymour and Pease LLP and John Keller*

- United States District Court, Eastern District of Kentucky, Southern Division (Case No. 6:15-CV-00146-DLB)

*Brezoczky v. Domtar Corporation and Polsinelli PC*

- United States District Court, Northern District of California (Case No. 5:16-CV-04995-EJD)

*Drake Kennedy v. Regency Outdoor Advertising, Inc. et al.*

- Superior Court of the State of California, Los Angeles County (Case No. BC522560)

*Association for Los Angeles Deputy Sheriffs v. Armando Macias, Bruce Nance, et al.*

- Superior Court of the State of California, Los Angeles County (Case No. BC540789)

*Thomas A. Vogele, Gimino Vogele Associates, LLP v. Richard D. Williams, Susan D. Lintz, Kelly Lytton & Williams, LLP*

- Superior Court of the State of California, Orange County; Honorable Michael Brenner, Judge Presiding (Case No. 30-2012-00558522-CU-NP-CJC)

*Wood River Capital Resources, LLC, et al. v. CapitalSource, Inc., et al. (Asset Real Estate & Investment Company Consolidated Cases)*

- Superior Court of the State of California, Los Angeles County; Honorable Elihu M. Berle (Case No. JCCP-4730)

*Dyadic International, Inc. v. Ernst & Young, LLP, et al.*

- Florida Circuit Court, Palm Beach County; Circuit Judge Richard Oftedal (Case No. 50 2009 CA 010680 XXXXMBAA)

*maxIT Healthcare Holdings, Inc. v. Acumen Technology Solutions for Healthcare, LLC*

- Arbitration, Orange County; Honorable Gary L. Taylor (JAMS Ref. No. 1200046297)

## Exhibit C

### Documents Provided or Made Available

1. Verified complaint of Arizona Corporation Commission (“ACC”) against DenSco Investment Corporation (8/17/16)
2. ACC’s Memorandum of Points and Authorities in Support of Application for Preliminary Injunction and Appointment of Receiver (8/17/16)
3. Receiver’s Preliminary Report (9/19/16)
4. Receiver’s Status Report (12/23/16)
5. Declaration of David Beauchamp (8/17/16)
6. Letter from D. Beauchamp to D. Chittick (5/7/07)
7. DenSco Confidential Private Offering Memorandum (6/1/07)
8. Letter from D. Beauchamp to D. Chittick (3/18/08)
9. E-mail exchanges between D. Beauchamp and D. Chittick and e-mail exchange between D. Beauchamp and M. McCoy (4/1/09)
10. D. Beauchamp handwritten notes (4/9/09)
11. E-mail exchanges between D. Beauchamp and R. Burgan (4/22/09)
12. E-mail exchanges between D. Beauchamp, D. Chittick and R. Burgan (4/23/09)
13. E-mail exchanges between D. Beauchamp and D. Chittick (5/15/09)
14. D. Beauchamp handwritten notes (6/30/09)
15. DenSco Confidential Private Offering Memorandum (7/1/09) w/ handwritten notes from 2011
16. E-mail exchanges between D. Beauchamp and D. Chittick (4/6/11)
17. D. Beauchamp handwritten notes (4/13/11)
18. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (5/3/11)
19. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (5/25/11)
20. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/10/11)
21. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/14/11)
22. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/20/11)
23. E-mail exchanges between D. Beauchamp and D. Chittick (7/11/11)
24. DenSco Confidential Private Offering Memorandum (7/1/11)
25. E-mail from D. Chittick to D. Beauchamp, DenSco investors (7/19/11)
26. Letter from Arizona Department of Financial Institutions (“ADFI”) to DenSco (8/11/11)
27. Letter from D. Beauchamp to ADFI (8/22/11)
28. E-mail exchanges between D. Beauchamp and D. Chittick (5/1/13)
29. D. Beauchamp handwritten notes re mtg. w/ D. Chittick (5/9/13)
30. Excerpt from DenSco corporate journal maintained by D. Chittick (5/9/13)
31. Draft DenSco Confidential Private Offering Memorandum (5/XX/13)
32. E-mail from D. Beauchamp to R. Pederson (6/10/13)
33. E-mail exchange between D. Beauchamp and M. Weakley (6/10/13)
34. E-mail exchanges between D. Beauchamp and D. Chittick (6/11/13)
35. E-mail from D. Chittick to D. Beauchamp (6/14/13)
36. E-mail from S. Menaged to D. Beauchamp, D. Chittick (6/14/13)
37. E-mail exchanges between D. Beauchamp and D. Chittick (6/14/13)
38. E-mail exchanges between D. Beauchamp and R. Wang (6/17/13)

39. Excerpt from DenSco website (6/17/13)
40. D. Beauchamp handwritten notes re call w/ D. Chittick (6/17/13)
41. E-mail from D. Beauchamp to R. Wang (6/17/13)
42. D. Beauchamp handwritten notes re call w/ R. Wang (6/17/13)
43. E-mail from D. Beauchamp to M. Weakley (6/17/13)
44. Excerpt from DenSco corporate journal maintained by D. Chittick (6/17/13)
45. D. Beauchamp handwritten notes re call w/ R. Wang (6/18/13)
46. D. Beauchamp handwritten notes re call w/ M. Weakley (6/18/13)
47. E-mail exchanges between D. Beauchamp, R. Wang, K. Henderson, R. Endicott, G. Jensen (6/20-21/13)
48. E-mail from D. Beauchamp to E. Sipes (6/25/13)
49. D. Beauchamp handwritten notes re E. Sipes (6/25/13)
50. D. Beauchamp handwritten notes re call w/ E. Sipes (6/27/13)
51. D. Beauchamp handwritten notes re call w/ D. Chittick (6/27/13)
52. E-mails from D. Chittick to D. Beauchamp (6/27/13)
53. E-mail exchange between E. Sipes and D. Beauchamp (7/1/13)
54. E-mail exchanges between D. Beauchamp and D. Chittick (7/10/13)
55. E-mail exchanges between D. Beauchamp and D. Chittick (7/11/13)
56. Draft DenSco Confidential Private Offering Memorandum (7/XX/13)
57. E-mail exchanges between D. Beauchamp and G. Jensen (8/6/13)
58. D. Beauchamp handwritten notes re calls w/ D. Chittick (8/26/13)
59. Letter from D. Beauchamp and J. Zweig to D. Chittick (8/30/13)
60. E-mail exchanges between D. Beauchamp and D. Chittick (9/12/13)
61. Letter from D. Beauchamp to D. Chittick (9/12/13)
62. E-mail exchanges between D. Beauchamp and D. Chittick (9/12/13)
63. Clark Hill New Client/New Matter form (9/13/13)
64. E-mail from S. Brewer to L. Stringer (9/17/13)
65. E-mail from D. Chittick to D. Beauchamp re "few things" (12/18/13)
66. E-mail from D. Chittick to D. Beauchamp re "2011 memorandum" (12/18/13)
67. E-mail from D. Beauchamp to D. Chittick re "2011 memorandum" (12/18/13)
68. E-mail exchange between D. Chittick and D. Beauchamp (1/5/14)
69. E-mail from D. Chittick to D. Beauchamp (1/6/14)
70. E-mail from D. Chittick to D. Beauchamp (1/7/14)
71. D. Beauchamp handwritten notes from meeting with D. Chittick and S. Menaged (1/9/14)
72. E-mail exchange between D. Chittick and D. Beauchamp (1/9/14)
73. Clark Hill New Client/Matter form (1/10/14)
74. D. Beauchamp handwritten notes from telephone call with D. Chittick (1/10/14)
75. Excerpt from DenSco corporate journal (1/10/14)
76. E-mail exchange between D. Chittick and D. Beauchamp (1/12/14)
77. E-mail from D. Beauchamp to D. Chittick (1/15/14)
78. E-mail from S. Menaged to D. Beauchamp and D. Chittick (1/16/14)
79. E-mail exchange between D. Chittick and D. Beauchamp (1/16/14)
80. E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged, J. Goulder (1/17/14)
81. Executed Term Sheet (1/17/14)
82. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)
83. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)



84. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)
85. Excerpt from DenSco corporate journal (1/10/14)
86. E-mail exchange between D. Chittick and D. Beauchamp (1/23/14)
87. E-mail exchange between D. Chittick and D. Beauchamp (1/31/14)
88. E-mail from D. Beauchamp to D. Chittick (2/4/14)
89. E-mail from D. Beauchamp to D. Chittick (2/4/14)
90. D. Beauchamp handwritten notes from call with D. Chittick (2/6/14)
91. E-mail exchange between D. Beauchamp and D. Chittick (2/7/14)
92. E-mail exchange between D. Beauchamp and D. Chittick (2/7/14)
93. D. Beauchamp handwritten notes from call with D. Chittick and S. Menaged (2/7/14)
94. D. Beauchamp handwritten notes from calls with D. Chittick (2/7/14)
95. Excerpt from DenSco journal (2/7/14)
96. E-mail exchange between D. Beauchamp and D. Chittick (2/9/14)
97. E-mail exchange between D. Beauchamp and D. Chittick (2/10/14)
98. D. Beauchamp handwritten notes from calls with D. Chittick (2/11/14)
99. E-mail exchange between D. Beauchamp and D. Chittick (2/14/14)
100. E-mail exchange between D. Beauchamp and D. Chittick (2/15/14)
101. E-mail exchange between D. Beauchamp and D. Chittick (2/20/14)
102. E-mail exchange between D. Beauchamp and D. Chittick (2/20/14)
103. D. Beauchamp handwritten notes from meeting with D. Chittick, S. Menaged, J. Goulder (2/20/14)
104. Excerpt from DenSco journal (2/20/14)
105. D. Beauchamp handwritten notes from call with D. Chittick (2/21/14)
106. Excerpt from DenSco journal (2/21/14)
107. D. Beauchamp handwritten notes from call with D. Chittick (2/24/14)
108. Excerpt from DenSco journal (2/24/14)
109. E-mail exchange between D. Beauchamp and D. Chittick (2/25/14)
110. Excerpt from DenSco journal (2/25/14)
111. E-mail exchange between D. Beauchamp and D. Chittick (2/26/14)
112. E-mail exchange between D. Beauchamp and D. Chittick (2/26/14)
113. E-mail exchange between D. Beauchamp and B. Price (2/26/14)
114. Excerpt from DenSco journal (2/26/14)
115. D. Beauchamp handwritten notes from call with D. Chittick (2/27/14)
116. E-mail exchange between D. Beauchamp and B. Price (2/27/14)
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125. Excerpt from DenSco journal (3/11/14)
126. D. Beauchamp handwritten notes from calls with D. Chittick (3/12/14)
127. D. Beauchamp handwritten notes from calls with D. Chittick and S. Menaged (3/12/14)
128. E-mail exchange between D. Beauchamp and D. Chittick (3/12/14)

129. E-mail exchange between D. Beauchamp and D. Chittick (3/12/14)
130. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
131. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
132. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
133. E-mail exchange between D. Beauchamp and D. Chittick (3/14/14)
134. Excerpt from DenSco journal (3/17/14)
135. E-mail exchange between D. Beauchamp and D. Chittick (3/17/14)
136. E-mail exchange between D. Beauchamp and D. Chittick (3/18/14)
137. E-mail exchange between D. Beauchamp and D. Chittick (3/19/14)
138. Excerpt from DenSco journal (3/20/14)
139. Forbearance Agreement (4/16/14)
140. Excerpt from DenSco journal (4/16/14)
141. E-mail exchange between D. Beauchamp and D. Chittick (4/18/14)
142. D. Beauchamp handwritten notes from call with D. Chittick (4/24/14)
143. E-mail from D. Chittick to D. Beauchamp (4/24/14)
144. Copy of DenSco Confidential Private Offering Memorandum dated July 2011 with handwritten notes (4/24/14)
145. E-mail exchange between D. Beauchamp and D. Chittick (4/25/14)
146. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
147. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
148. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
149. D. Beauchamp handwritten notes from calls with D. Chittick (4/29/14)
150. D. Beauchamp handwritten notes re private offering memorandum (4/29/14)
151. Excerpt from DenSco journal (4/29/14)
152. D. Beauchamp handwritten notes re private offering memorandum (5/13/14)
153. E-mail from D. Schenck to D. Beauchamp (5/14/14)
154. Draft of DenSco Confidential Private Offering Memorandum (5/14/14)
155. Draft of DenSco Confidential Private Offering Memorandum (5/14/14)
156. E-mail exchanges between D. Beauchamp and D. Chittick (6/12/14)
157. E-mail exchange between D. Beauchamp and D. Schenck (6/13/14)
158. Authorization to Update Forbearance Documents (6/18/14)
159. Excerpt from DenSco journal (7/2/14)
160. Excerpt from DenSco journal (7/25/14)
161. Excerpt from DenSco journal (7/31/14)
162. E-mail exchange between D. Beauchamp and D. Chittick (3/13/15)
163. E-mail exchange between D. Chittick and S. Menaged (3/13/15)
164. Excerpt from DenSco journal (3/13/15)
165. Excerpt from DenSco journal (3/24/15)
166. Excerpt from DenSco journal (6/18/15)
167. Letter to Investors (7/28/16)
168. Iggy List (7/28/16)
169. E-mail from D. Beauchamp to DenSco investors (8/3/16)
170. E-mail from D. Beauchamp to DenSco investors (8/5/16)
171. E-mail exchange between D. Beauchamp and K. Johnson (8/8/16)
172. E-mail exchange between D. Beauchamp and R. Brinkman (8/21/16)
173. E-mail exchange between D. Beauchamp and R. Brinkman (8/21/16)

174. Letter from D. Beauchamp to D. Chittick with enclosed invoices (2/20/14)
175. Letter from D. Beauchamp to D. Chittick with enclosed invoices (3/14/14)
176. Letter from D. Beauchamp to D. Chittick with enclosed invoices (4/24/14)
177. Letter from D. Beauchamp to D. Chittick with enclosed invoices (5/23/14)
178. Letter from D. Beauchamp to D. Chittick with enclosed invoices (6/25/14)
179. Letter from D. Beauchamp to D. Chittick with enclosed invoice (7/16/14)
180. Letter from D. Beauchamp to D. Chittick with enclosed invoice (8/20/14)
181. Plaintiff's Initial Disclosure Statement w/ Appendices (3/9/18)
182. Defendant's Initial Disclosure Statement (3/9/18)
183. Notice of Service of Preliminary Expert Opinion Declaration – M.Hiraide (3/9/18)
184. Plaintiff's Second Disclosure Statement documents (3/27/18), [RECEIVER\_000001-1497]
185. Plaintiff's Third Disclosure Statement documents (5/15/18), [RECEIVER\_000001-1497]
186. Defendant's Third Supplemental Disclosure Statement documents (6/13/18), [AF000001-002448, AZBEN000001-005248, CH\_0013387-0013616, GE000001-000257, SELL000001-000766]
187. Beauchamp's Responses to Plaintiff's First Set of Non-Uniform Interrogatories No.1 thru 14; including breakdown of each NUI with the referenced documents (6/21/18)
188. Plaintiff's Fourth Disclosure Statement documents (7/11/18), [RECEIVER\_001498-001548]
189. Daniel Schenck Deposition Transcript, Exhibits, Errata sheet (6/19/18)
190. Robert Anderson Deposition Transcript and Exhibits (6/21/18)
191. David Beauchamp Deposition Transcript, Exhibits, Errata sheet and video deposition (7/19-20/18)
192. Shawna Heuer Deposition Transcript (8/22/18)
193. Mark Sifferman Deposition Transcript (8/31/18)
194. Scott Menaged 2004 Exam Transcript
195. Edward Hood Deposition Transcript and Exhibits (2/8/19)
196. Letter from R. Miller to D. Chittick w/ attachment re Mortgage Recordation; Demand for Subordination (1/6/14), [CH\_0000828-0000848]
197. Notice of Claim Against Estate of Denny J. Chittick (12/9/16)
198. Exhibits A thru H re Motion to Modify Receivership Order re Alleged Joint Privilege (12/7/17)
199. Receiver's Petition No. 48 for Reconsideration of the Order Appointing Receiver with Respect to Alleged Joint Attorney Client Privilege (12/11/17)
200. Chittick Estate's Response to Receiver's Petition No. 48 re Attorney-Client Relationship (1/3/18)
201. Chittick Estate's Sur-Response to Receiver's Petition No. 48 re Attorney-Client Relationship (1/9/18)
202. Receiver's Reply in Support of Petition No. 48 for Reconsideration of the Order Appointing Receiver with Respect to Alleged Joint Attorney Client Privilege (1/12/18)
203. Plaintiff's Third Set of Requests for Production of Documents to Defendant Clark Hill (8/1/18)
204. Defendants' Sixth Supplemental Disclosure Statement (3/13/19)
205. Blackline Fifth Supplemental Disclosure Statement to Sixth Supplemental Disclosure Statement (3/13/19)

206. Signed Verification to Defendants' Sixth Supplemental Disclosure Statement (3/12/19)

# Exhibit B

1 Colin F. Campbell, 004955  
2 Geoffrey M. T. Sturr, 014063  
3 Joshua M. Whitaker, 032724  
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5 2929 N. Central Avenue, Suite 2100  
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7 (602) 640-9000  
8 ccampbell@omlaw.com  
9 gsturr@omlaw.com  
10 jwhitaker@omlaw.com

11 Attorneys for Plaintiff

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA

Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
corporation,

Plaintiff,

vs.

Clark Hill PLC, a Michigan limited  
liability company; David G. Beauchamp  
and Jane Doe Beauchamp, husband and  
wife,

Defendants.

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF  
EXPERT WITNESS REPORT RE  
DAMAGES**

(Commercial case)

(Assigned to the  
Honorable Daniel Martin)

Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as Receiver of DenSco Investment Corporation, hereby discloses the attached report of David Weekly, Felix Financial Forensics, LLC, which provides an analysis of the damages suffered by DenSco as a result of Defendants' conduct.

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DATED this 4th day of April 2019.

OSBORN MALEDON, P.A.

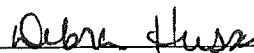
By \_\_\_\_\_

Colin F. Campbell  
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2929 N. Central Avenue, Suite 2100  
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Attorneys for Plaintiff

Original hand-delivered and  
copy sent by e-mail this  
4th day of April, 2019, to:

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*Attorneys for Defendants*

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8011638





**Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
Corporation,**

**Plaintiff,**

**v.**

**Clark Hill PLC, a Michigan limited liability  
Company; David G. Beauchamp and Jane  
Doe Beauchamp, husband and wife,**

**Defendants.**

**In the Superior Court of the State of Arizona  
In and For the County of Maricopa**

**Case No. CV2017-013832**

***Expert Report of:***

**David B. Weekly  
Fenix Financial Forensics LLC**

**April 4, 2019**

**Peter S. Davis, as Receiver of DenSco Investment Corporation**

**v.**

**Clark Hill PLC, et al.**

**(Case No. CV2017-013832)**

**Expert Report of David B. Weekly**

**April 4, 2019**

**Background**<sup>1</sup>

1. DenSco Investment Corporation (“DenSco”) is an Arizona corporation that began operating in April 2001. DenSco’s primary business was making short-term, high-interest loans to foreclosure specialists, usually through a trustee’s sale. Denny Chittick (“Chittick”) was DenSco’s sole shareholder and only employee.
2. David G. Beauchamp (“Beauchamp”) is an attorney who advised DenSco on general business, securities transactions and other legal matters. He worked at several law firms while advising DenSco, including Clark Hill from September 2013 through 2016.
3. DenSco issued promissory notes to private investors under Private Offering Memoranda (POM) prepared by Beauchamp in 2003, 2005, 2007, 2009 and 2011. Each POM expired two years after issuance. The 2011 POM expired July 1, 2013, and no new POM was ever finalized after that date.
4. Yomotov “Scott” Menaged (“Menaged”) borrowed money from DenSco to purchase foreclosed homes at trustees’ sales. Menaged operated several companies, including Easy Investments, LLC and Arizona Home Foreclosures, LLC.
5. In November 2013, Chittick learned from Menaged that a number of his DenSco loans were double encumbered, making it uncertain whether DenSco had sufficient collateral value in these loans. Menaged informed Chittick his cousin perpetrated a fraud against Menaged and absconded with the funds DenSco lent to him. When Chittick learned about the double encumbering of loans, he and Menaged created a plan in an attempt to resolve the issue.
6. On January 6, 2014, Chittick learned from an attorney at Bryan Cave, there were over 50 properties with deeds of trust with a first position security interest in which DenSco also had recorded mortgages. On January 7, 2014, Chittick outlined his plan in an email to Beauchamp. Chittick and Menaged met with Beauchamp on January 9, 2014 to discuss the plan, which led to the development of a Forbearance Agreement dated April 16, 2014.
7. On July 28, 2016, Chittick committed suicide, and on August 18, 2016, Peter S. Davis was appointed as the Receiver of DenSco (“Receiver”). The Receiver reviewed DenSco’s files and other books and records and concluded DenSco had claims against Beauchamp and Clark Hill (collectively referred to herein as “Defendants”).

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<sup>1</sup> Statements in the Background section are sourced from the Complaint and various Disclosure Statements or other documents provided to F3. These statements are made to provide a brief overview of this matter and are not intended to be an exact summary of facts or to provide any legal determinations or conclusions.

8. The Receiver disclosed two frauds were perpetrated against DenSco and its investors (also referred to as two Ponzi schemes by the Receiver). The First Fraud ("First Fraud" or "First Ponzi") occurred when DenSco made certain loans to Menaged expecting to be in first position, when in fact DenSco held a second position lien on many properties. The Second Fraud ("Second Fraud" or "Second Ponzi") occurred when DenSco continued to loan funds to Menaged, but Menaged created fictitious documents giving the impression DenSco actually held liens. Menaged stole additional funds during the Second Fraud without ever buying properties.
9. On October 16, 2017, the Receiver filed a Complaint against the Defendants. The Receiver (also referred to as "Plaintiff") alleges the Defendants committed legal malpractice and aided and abetted Chittick in breaching his fiduciary duties. The Receiver is seeking damages related to DenSco's financial losses associated with loans made to Menaged, and recovery of legal fees paid to Defendants.

### **The Role of F3**

10. Fenix Financial Forensics LLC ("F3") was retained by Osborn Maledon, P.A. ("Counsel") on behalf of the DenSco Receiver to quantify the financial losses to DenSco. In performing our work to date we have: 1) considered the documents listed in Exhibit A; 2) held discussions with the Receiver, and analyzed the work performed by the Receiver related to four status reports issued between September 19, 2016 and March 11, 2019; 3) analyzed relevant DenSco financial records including information related to DenSco loans and DenSco's QuickBooks file; 4) reviewed numerous DenSco bank account statements, analyzed relevant property records, deeds of trust and closing statements; 5) reviewed certain depositions, testimony transcripts and Chittick's corporate journal (2013 to 2016); and 6) prepared this expert report.
11. This expert report summarizes the opinions of David B. Weekly, a Senior Managing Director for F3. Mr. Weekly is a Certified Public Accountant, a Certified Fraud Examiner, a Certified Insolvency and Restructuring Advisor, a Certified Internal Controls Auditor, a Certified Global Management Accountant and is Certified in Financial Forensics. A copy of Mr. Weekly's resume and recent testimony experience is attached as Exhibit B.
12. We express no opinion regarding liability in this matter. The opinions and conclusions expressed in this report are Mr. Weekly's, and are based on the information made available as of the date of this report. Mr. Weekly was assisted by other F3 professionals, working under his direction and supervision. This report refers to Mr. Weekly and other F3 professionals involved in the work collectively as "we", "us", "our", and/or F3.

### **Summary of Opinion**

13. Menaged perpetrated two frauds against DenSco. In the First Fraud, Menaged used DenSco and a second lender to obtain two separate loans against the same property. DenSco wired the borrowed funds directly to Menaged's bank account instead of delivering the funds directly to the trustee handling the sale. Had DenSco followed the practice other hard money lenders used of delivering the borrowed funds directly to the trustee, Menaged would not have been able to steal DenSco's

funds. Menaged stated during a bankruptcy examination, "The only way that DenSco ended up in this position is because he [Chittick] wired the money to the borrower, me, and did not pay the trustee directly."<sup>2</sup>

14. In an attempt to recover the loan losses created by Menaged from the First Fraud (the additional funding paid by DenSco to resolve the double encumbered properties from the First Fraud are referred to as "Workout Loans"), Chittick continued making loans to Menaged to buy foreclosed properties (these loans commenced on January 22, 2014 and are referred to as "Non-Workout Loans"). Chittick, Menaged and Beauchamp were all aware of the plan to continue making loans and use expected profits from these new loans to recover the losses from the First Fraud. The Non-Workout Loans are the basis of the Second Fraud.
15. When funding Non-Workout Loans, Chittick continued to wire money directly to Menaged's bank account. Chittick instructed Menaged to provide a copy of a cashiers' check and trustees' receipt for each transaction. Menaged sent Chittick copies of cashiers' checks and fictitious trustees' receipts, giving Chittick the impression Menaged was actually acquiring properties.<sup>3</sup> During the Second Fraud, Menaged typically returned funds DenSco previously loaned him, to continue to give Chittick the false impression he was actually purchasing properties, generating profits and paying off the loans.
16. DenSco's total losses related to Workout Loans from the First Fraud were over \$14 million by the time of Chittick's death. The net impact of the fictitious Non-Workout Loans during the Second Fraud resulted in over \$24 million in losses.
17. F3 calculated DenSco's loan losses related to Workout Loans for transactions where the economic damages occurred after September 30, 2013.<sup>4</sup> Loan loss damages for Workout Loans represent cash paid by DenSco to resolve their Menaged loan shortfalls ("Cash Out") less payments made by Menaged to DenSco on these loans ("Cash In").
18. F3 calculated DenSco's loan losses related to Non-Workout Loans beginning on January 22, 2014. These damage amounts were also calculated by determining the total "Cash Out" minus "Cash In" for Non-Workout Loans.
19. The total loan losses were reduced by applicable Receiver recoveries and increased by costs and expenses the Receiver incurred to obtain recoveries as of the date of this report. Table 1 summarizes DenSco's net Loan Loss Damages.

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<sup>2</sup> Menaged sworn testimony dated October 20, 2016, page 74.

<sup>3</sup> Menaged obtained actual cashiers' checks, sent photos of the checks to Chittick, and then redeposited the checks.

<sup>4</sup> Based on advice from Counsel.

**Table 1: DenSco Net Loan Loss Damages (excluding prejudgment interest)**

Description	Amount
Workout Loans	\$ 69,123
Non-Workout Loans	24,436,100
Total Loan Losses	\$ 24,505,223
Less: Menaged-Related Recoveries	(667,585)
Add: Menaged-Related Costs and Expenses	875,581
<b>Net Loan Losses</b>	<b>\$ 24,713,219</b>

**Opinion**

DenSco's net financial losses related to Workout Loans and Non-Workout Loans total \$24,713,219 (before prejudgment interest) as of April 4, 2019.

**Detailed Findings in Support of Opinion**

20. There were deficient business practices and a lack of compliance with DenSco's POMs that created red flags. Plaintiff claims DenSco's loan losses could have been limited had Defendants not breached their legal standard of care or aided and abetted DenSco and Chittick. Some of these deficiencies are summarized in Table 2.

**Table 2: Deficiencies**

Description	Source	Deficiency/Red Flag
[1] Loaned funds should be evidenced by check payable to "Trustee"	Mortgage document used by DenSco	Funds were wired to Menaged and were not paid directly to Trustee; Mortgage document required this procedure
[2] Lien priority (required first position)	Menaged Testimony; 2011 POM (BC_002957)	Chittick did not validate whether DenSco was in a first position on loans; Freo Lawsuit and other notifications were red flags
[3] Loan-to-value ratios (not to exceed 70%)	2011 POM (BC_002924)	Menaged double encumbered properties causing LTV ratio to be exceeded; LTV ratio exceeded for unsecured workout loans
[4] One borrower will not comprise more than 10 to 15% of total portfolio	2011 POM (BC_002957)	Loans to Menaged exceeded 15% beginning in 2013 and reached nearly 90% by 2016 (refer to Exhibit C for history of Menaged loan %)
[5] Offering Maximum of \$50 million	2011 POM (BC_002915)	Investor balance exceeded \$50 million April 2013, reached a high point of \$61.9 million May 2014 and stayed above \$50 million in every month but one after April 2013

21. Delivering funds directly to the trustees and verification of lien positions would have prevented Menaged from double encumbering properties, and would have prevented Menaged from borrowing more than 15% of the \$50 million offering maximum. The 15% borrowing limit itself, would have prevented DenSco from loaning Menaged more than \$7.5 million, therefore the Second Fraud could not have occurred.
22. The double encumbering of properties caused DenSco to become insolvent. In the Receiver's December 23, 2016 Status Report, the Receiver concluded, "As a result of the First Fraud and the Second Fraud, DenSco became insolvent as of December 31, 2012 and remained insolvent through June 30, 2016."<sup>5</sup> Based on our review and analysis of the Receiver's calculations and DenSco's QuickBooks file, we agree with the Receiver's conclusion that DenSco was insolvent on a Balance Sheet basis by at least the end of 2012.

### Workout Loans

23. When Chittick learned about the double encumbering of loans in November 2013, he and Menaged created a plan in an attempt to recover the expected losses. Chittick outlined his plan in an email to Beauchamp dated January 7, 2014. Chittick and Menaged met with Beauchamp on January 9, 2014 to discuss the plan, which led to the development of a Forbearance Agreement dated April 16, 2014.
24. The plan included DenSco loaning Menaged: a) \$1 million at 3% interest (referred to as the "Work Out 1 Million"), and b) \$5 million at 18% interest (referred to as the "Work Out 5 Million"). The plan contemplated if Menaged continued flipping properties, the expected profits would allow DenSco to recover the funds to pay-off the \$1 million and \$5 million Workout Loans. Between January and April of 2014, Beauchamp continued to work with Chittick and Menaged to finalize the Forbearance Agreement.
25. The plan was to either refinance the loans or sell the properties in order to pay off the additional lien held by another lender.<sup>6</sup> Any deficit between the property value or sales price and the combined liens on the property were recorded by DenSco as new borrowing by Menaged, and were put on the DenSco books under either the "Work Out 1 Million" account or the "Work Out 5 Million" account.

### Example of actual Workout Loan – 18146 W. Puget Ave.

26. This property was double encumbered by DenSco and Sell Wholesale Funding, LLC ("SWF"). DenSco's original loan on October 16, 2013 was \$90,000 and SWF's original loan was \$95,200 on the same day. On March 14, 2014, DenSco and Menaged refinanced the property. To remove the SWF lien, DenSco wired \$98,861.07 to the title company at closing. This cleared SWF's lien, but left DenSco with an outstanding loan to Menaged of \$188,861.07.<sup>7</sup> DenSco recorded \$125,000 in the Menaged loan account (by adding \$35,000 to the existing \$90,000 loan balance) and recorded

<sup>5</sup> Receiver Status Report dated December 23, 2016, page 11.

<sup>6</sup> There were instances where DenSco actually held a first position lien on a property, but wanted to avoid action by other lenders or issues with DenSco's investors learning of the fraud.

<sup>7</sup> This amount equals the original loan of \$90,000 plus DenSco's refinancing payment of \$98,861.07.

\$63,861.07 in a separate account called "Work Out 5 Million". DenSco was now the sole lienholder and Menaged's debt on DenSco's books was \$188,861.07.

27. On October 9, 2014, Menaged sold the property for \$132,000. To complete this transaction at closing, Menaged paid \$23,355.12 and received a credit for assessments of \$270.99, for total settlement proceeds of \$155,626.11. The total settlement proceeds were used to pay: 1) DenSco's recorded loan amount of \$125,000 (excluding the Workout Loan), 2) DenSco's accrued interest of \$18,542.50 and 3) other closing costs of \$12,083.61. Once the transaction was complete, DenSco was left with the unsecured "Work Out 5 Million" loan of \$63,861.07, which was never repaid. We subtracted the interest received at closing of \$18,542.50, to calculate DenSco's Workout Loan loss of \$45,318.57.

Summary of F3's Analysis and Calculations of DenSco's "Work Out 1 Million" Damages

28. There were 14 properties either: 1) sold or 2) refinanced and sold, where the deficit between the property value and DenSco loan amount was recorded in the "Work Out 1 Million" account. Chittick started making entries into QuickBooks on December 13, 2013 to record these losses. The original loan dates for these properties (when they became double encumbered) were between April 22, 2013 and October 7, 2013. The total unpaid balance in the "Work Out 1 Million" account on DenSco's books was \$1,002,533.

29. To calculate damages related to the "Work Out 1 Million" loans, we identified original loans made by DenSco after September 30, 2013 where DenSco lost money as a result of eliminating the property double encumbrance. DenSco originated two loans in this time period that were recorded in the "Work Out 1 Million" account. DenSco's losses on these two loans totaled \$236,307.<sup>8</sup>

Summary of F3's Analysis and Calculations of DenSco's "Work Out 5 Million" Damages

30. There were 107 properties either: 1) sold or 2) refinanced and sold, where the deficit between the property value and the DenSco loan amount was recorded in the "Work Out 5 Million" account. Chittick started making entries into QuickBooks on March 7, 2014 to record these losses. The original loan dates for these properties (when they became double encumbered) were between August 20, 2012 and December 5, 2013. The gross unpaid balance in this account on DenSco's books was \$15,059,652. Menaged made principal payments periodically to DenSco which reduced the "Work Out 5 Million" account.<sup>9</sup> These payments totaled \$1,722,845 leaving a net unpaid "Work Out 5 Million" account balance of \$13,336,807.

31. To calculate damages related to the "Work Out 5 Million" account, we identified loans made by DenSco after September 30, 2013 where DenSco lost money as a result of eliminating the property double encumbrance. DenSco originated 22 loans in this time period that were recorded in the "Work Out 5 Million" account. DenSco's losses on these 22 loans totaled \$1,663,266.

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<sup>8</sup> DenSco's losses represent the amount paid at closing to resolve the double encumbrance reduced by loan interest.

<sup>9</sup> F3 found no payments recorded by DenSco in the "Work Out 1 Million" account.

### Summary of DenSco's Workout Loan Damages

32. DenSco's net loan losses related to Workout Loans are \$69,123. The net loan losses include the \$236,307 for the "Work Out 1 Million" account plus \$1,663,266 for the "Work Out 5 Million" account reduced by Managed principal and interest payments of \$1,830,450.
33. In addition to the losses on Workout Loans, we identified several additional Managed loans where losses were likely incurred when DenSco made workout payments. These workout payments were not recorded in the Workout Loan accounts, and they involved complex transaction entries by Chittick to allocate the losses from these workout payments to other Managed loans. This resulted in the full extent of certain losses being transferred to other Managed loans as opposed to being recorded in the Workout Loan accounts.
34. We continue to review these complex loan transactions to identify whether the ultimate loss amounts should be added to our calculation of Workout Loan losses, and we may amend our calculations in this report as a result of this additional analysis.

### Non-Workout Loans

35. The Non-Workout Loans represented new borrowings by Managed under the plan Chittick and Managed communicated to Beauchamp. The plan contemplated if Managed continued flipping properties, Managed's expected profits would allow DenSco to recover the funds lost from the First Fraud. With minimal exception, no properties were ever acquired related to the Non-Workout Loans. During the Second Fraud, Managed typically returned funds Chittick previously loaned him, giving Chittick the false impression he was actually purchasing properties, generating profits and paying off the loans.
36. Beginning in January 2014, Chittick continued to wire money directly to Managed's bank account. Chittick instructed Managed to provide a copy of a cashiers' check and trustees' receipt for each transaction. Managed sent Chittick copies of cashiers' checks and fictitious trustees' receipts, giving Chittick the impression Managed was actually acquiring properties. Managed testified he redeposited the cashier's checks into his bank account.
37. Between January 22, 2014 and October 24, 2014, Chittick and Managed wired millions of dollars back and forth for what Managed represented were individual and group loan transactions and pay-offs. On October 23, 2014, Chittick's corporate journal noted Bank of America expressed concerns regarding the dollar amount of activity in his accounts. For example, in September 2014, over \$58 million was deposited and over \$61 million was withdrawn from DenSco's two Bank of America accounts.
38. On October 24, 2014, Chittick and Managed began to net their banking transaction activity (the "Netting Process"). For example, on October 27, 2014, Managed requested \$804,200 from DenSco to allegedly purchase six properties. On the same date, Managed planned to pay-off four loans from DenSco totaling \$1,054,584. Chittick and Managed agreed to net this transaction and Managed wired \$250,384 into DenSco's bank account. Chittick recorded each individual property loan in DenSco's books, even though the bank account activity showed only the actual net transaction.



39. On November 6, 2014, Chittick's corporate journal noted Bank of America requested DenSco to close its accounts. On November 18, 2014, Chittick opened a new account at First Bank. Bank of America records show all account activity stopped for DenSco on November 21, 2014. Beginning December 1, 2014, Chittick's corporate journal noted he and Menaged stopped the Netting Process and resumed exchanging transactions via bank wires. This process continued until July 8, 2015. Chittick's corporate journal noted on July 7, 2015, "I'm so low on cash, we are going to have to go back to wiring the difference instead of the whole thing."<sup>10</sup>
40. On November 4, 2015, the wire activity between DenSco and Menaged stopped.<sup>11</sup> Chittick did not mention this change in his corporate journal, but our review of DenSco's bank records confirmed the wire activity did not continue. On November 23, 2015, Chittick noted, "the ins and outs to [Scott] are so one sided my way this month." Chittick was referring to a new process where no cash changed hands related to his transactions with Menaged. After November 4, 2015 DenSco's records reflected 809 "loans" were originated totaling approximately \$255.4 million and Menaged "paid" DenSco approximately \$260.2 million, even though no cash changed hands.
41. Exhibit D summarizes the transaction activity between DenSco and Menaged from January 22, 2014 through June 21, 2016. During this time period DenSco's QuickBooks reflects 2,718 loans were originated with Menaged totaling \$735.5 million. With minimal exception, all of these loans were fictitious.

Summary of F3's Analysis and Calculations of DenSco's Non-Workout Loan Damages

42. The first Non-Workout Loan was made by DenSco on January 22, 2014, approximately two weeks after Chittick and Menaged met with Beauchamp. Between January 22, 2014 and November 4, 2015, DenSco bank records show hundreds of wire transfers between DenSco's and Menaged's bank accounts related to originations and pay-offs of Non-Workout Loans. Since there were no cash transactions between DenSco and Menaged after November 4, 2015, our calculation of losses was based on transactions recorded on DenSco's books between January 22, 2014 and November 4, 2015 where actual cash transactions were traced to bank statements and reconciled with entries made by Chittick in DenSco's books.
43. To calculate damages related to the Non-Workout Loans, we analyzed Menaged transactions using: 1) the Receiver Reports and various loan activity schedules prepared by the Receiver's staff; 2) DenSco's QuickBooks; 3) Bank of America and First Bank account statements; 4) Chittick's corporate journal; and 5) relevant communications from Chittick's email file. We also reconciled our analysis with what the Receiver did to ensure we had considered all Non-Workout Loan transactions in DenSco's books and bank statements.
44. Table 3 summarizes the principal amount of all Menaged Non-Workout Loans reduced by principal pay-offs recorded by DenSco. In addition, DenSco collected and recorded \$5,053,796 of interest

<sup>10</sup> Chittick corporate journal (RECEIVER\_000114).

<sup>11</sup> There was one minor transaction totaling \$12,600 that was reflected in the DenSco bank account on 2/4/2016 and 3/18/2016, but all regular activity ceased on 11/4/2015.

payments on paid off loans. We reduced the net unpaid principal amount by the interest payments to determine the net financial loss (Cash In minus Cash Out) for Non-Workout Loans.

**Table 3: Non-Workout Loans Transaction Summary**

Description	Timeframe	Number [1]	Amount
<b>Loans Originated:</b>			
Non-Workout Loans-Fully Repaid	1/22/14 - 7/7/15	1,229	\$ 290,179,835
Non-Workout Loans-Not Fully Repaid	10/7/14 - 11/4/15	680	\$ 189,959,906
<b>Subtotal Loans Originated</b>		<b>1,909</b>	<b>\$ 480,139,741</b>
<b>Payoffs Received:</b>			
Non-Workout Loans-Fully Repaid	1/22/14 - 7/7/15	1,229	\$ (290,179,835)
Non-Workout Loans-Not Fully Repaid	10/7/14 - 11/4/15	589	\$ (160,458,706)
<b>Subtotal Payoffs Received</b>		<b>1,818</b>	<b>\$ (450,638,541)</b>
<b>Net Unpaid Principal</b>			<b>\$ 29,501,200</b>
<b>Less: Interest Payments/Adjustments</b>			<b>(5,065,100)</b>
<b>Non-Work Out Loan Losses, net</b>			<b>\$ 24,436,100</b>
[1] - The number column represents individual properties. DenSco combined multiple properties and grouped loan originations and principal and interest pay-offs when recording transactions.			

45. Exhibit E is a summary of amounts paid by DenSco to Managed for fictitious property loans (Cash Out) minus the principal and interest amounts Managed returned to DenSco from these same monies (Cash In). We traced each transaction to DenSco bank accounts and reviewed other receipts of cash to ensure amounts received from Managed have been properly considered or offset against DenSco's Non-Workout Loan losses.

Recoveries net of Costs and Expenses

46. When Plaintiff was appointed as Receiver, he set-up a new bank account and began recording all DenSco transactions in a new set of books. The Receiver Status Report dated March 11, 2019 ("March 2019 Status Report") identifies "Managed-Related Recoveries" and "Managed-Related Disbursements" as of March 11, 2019. The March 2019 Status Report discloses the Plaintiff has recovered \$667,585 from Managed related enterprises. Plaintiff has also incurred \$875,581 of costs and expenses to recover these amounts, which consists of \$292,809 of direct costs and \$582,772 of Receiver allocated costs and expenses.
47. The March 2019 Status Report describes settlements with Managed and the Chittick Estate along with potential claims against Financial Institutions, Active Funding Group, LLC and Property of Joseph Managed. We understand that these settlements and claims could impact the damages we have computed. We express no opinion in this report regarding apportionment of damages. However, we will amend this report if necessary, for any net recoveries or other costs and expenses that may impact our calculations.

Prejudgment Interest

48. At Counsel's direction, we calculated prejudgment interest on the total loan losses, net of recoveries, costs and expenses using both 10% simple interest based on A.R.S. 44-1201(A) and the current rate of 6.5% based on A.R.S. 44-1201(B). We also calculated a range of prejudgment interest using two different time periods. The first time period is from August 31, 2016<sup>12</sup> through the date of this report, and the second time period is from October 17, 2017<sup>13</sup> through the date of this report. Prejudgment interest using 10% is between \$3.62 million and \$6.41 million, and the daily rate of interest beyond our report date is approximately \$6,770. Prejudgment interest using 6.5% is between \$2.35 million and \$4.16 million, and the daily rate of interest beyond our report date is approximately \$4,400 (See Exhibit F for interest calculations).

49. Damage Summary as of April 4, 2019

**Table 4: DenSco Net Loan Loss Damages (excluding prejudgment interest)**

Description	Amount
Workout Loans	\$ 69,123
Non-Workout Loans	24,436,100
Total Loan Losses	\$ 24,505,223
Less: Menaged-Related Recoveries	(667,585)
Add: Menaged-Related Costs and Expenses	875,581
<b>Net Loan Losses</b>	<b>\$ 24,713,219</b>

Other Matters

50. This expert report is based on information provided to F3 as of the date of this report. We reserve the right to modify or supplement this report should additional information become available to us or if we are requested to perform additional tasks including, but not limited to updated recoveries reduced by costs and expenses, updated calculations of prejudgment interest, analyses performed as a result of the production of additional documents, or matters related to additional discovery. In addition, F3 may prepare illustrative or demonstrative exhibits for use during testimony from the information contained in this report, any supplemental report, our work papers, or the documents considered.

51. F3 is being compensated for Mr. Weekly's time at \$450 per hour. F3's other professional staff billing rates range between \$100 and \$375. F3's compensation is not contingent on the conclusions contained herein or any supplemental report(s) prepared pursuant to this engagement, or the ultimate resolution of this matter.

<sup>12</sup> Per Geoffrey M.T. Sturr letter to John E. DeWulf dated January 17, 2018, August 2016 represents the date Defendant's received Chittick's pre-suicide writings blaming Clark Hill for the losses.

<sup>13</sup> The date Plaintiff filed the Complaint against Defendants.

52. The report has been prepared only for the purposes stated herein and shall not be used for any other purpose. Neither this report nor any portions thereof shall be disseminated to third parties by any means without the prior written consent and approval of F3.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Weekly', written in a cursive style.

David B. Weekly  
Senior Managing Director  
Fenix Financial Forensics LLC

List of Documents Considered

Purpose: To list the documents considered by F3.

Item	Description	Bates Start [1]	Bates End [1]
1	Complaint	-	-
2	Plaintiff's Disclosure of Areas of Expert Testimony	-	-
3	Defendants' Disclosure of Areas of Expert Testimony	-	-
4	Plaintiff's Initial Disclosure Statement	-	-
5	Plaintiff's Second Disclosure Statement	-	-
6	Plaintiff's Third Disclosure Statement	-	-
7	Plaintiff's Fourth Disclosure Statement	-	-
8	Plaintiff's Fifth Disclosure Statement	-	-
9	Defendants' Initial Rule 26.1 Disclosure Statement	-	-
10	Defendants' First Supplemental Rule 26.1 Disclosure Statement	-	-
11	Defendants' Second Supplemental Rule 26.1 Disclosure Statement	-	-
12	Defendants' Third Supplemental Rule 26.1 Disclosure Statement	-	-
13	Defendants' Fourth Supplemental Rule 26.1 Disclosure Statement	-	-
14	Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement	-	-
15	Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement (Blackline Fifth Supplemental to Sixth Supplemental)	-	-
16	Deposition of David Beauchamp and Exhibits	-	-
17	Deposition of Peter Davis and Exhibits	-	-
18	Deposition of Shawna Chittick Heuer	-	-
19	Deposition of Victor Gojcaj and Exhibits	-	-
20	Rule 2004 Examination of Scott Menaged and Exhibits	-	-
21	Schenck Deposition Exhibit 20 (Chittick DenSco Corporate Journal)	-	-
22	Schenck Deposition Exhibit 51 (Chittick Email to Beauchamp dated 1/7/14)	-	-
23	Preliminary Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 9/19/16	-	-
24	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 12/23/16	-	-
25	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 12/22/17	-	-
26	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 3/11/19	-	-
27	DenSco Investment Corporation QuickBooks File (Backup Dated 7/27/16)	-	-
28	Receiver Work Product - Excel file, "Schedules Supporting Receiver's Solvency Analysis.xlsx"	-	-
29	Receiver Work Product - Excel file, "Analysis of Menaged Loan Transactions Per QuickBooks that Did Not Clear the Bank.xlsx"	-	-
30	Receiver Work Product - Excel file, "Analysis of Menaged Loans as of 01.09.14 - Property Details.xlsx"	-	-
31	Receiver Work Product - Excel file, "Data for Interest Calculation.xlsx"	-	-
32	Receiver Work Product - Excel file, "Receiver's QuickBooks Adjustments.xlsx"	-	-
33	Receiver Work Product - Excel file, "Densco-Menaged Cash Disbursements & Receipts.xlsx"	-	-
34	Receiver Work Product - Excel file, "Analysis of Menaged Loans - Per F3 Request.xlsx"	-	-
35	Receiver Work Product - Excel file, "Menaged Loans 10.02.13-01.21.14.xlsx"	-	-
36	Receiver Work Product - Excel file, "Densco-Menaged Cash Disbursements & Receipts 03 05 19.xlsx"	-	-
37	Selected emails, Denny Chittick Outlook file	-	-
38	Selected emails, Scott Menaged Outlook file	-	-
39	2015 First Bank Records.PDF	D100857	D100930
40	2006 Bank of America Records.PDF	D107539	D107819

<i>Item</i>	<i>Description</i>	<i>Bates Start [1]</i>	<i>Bates End [1]</i>
41	2007 Bank of America Records.PDF	D107973	D108276
42	2008 Bank of America Records.PDF	D108601	D109119
43	2009 Bank of America Records.PDF	D109199	D109857
44	2010 Bank of America Records (Acct 7509).PDF	D110295	D110630
45	2010 Bank of America Records (Acct 8555).PDF	D110631	D110952
46	2011 Bank of America Records (Acct 7509).PDF	D111124	D111674
47	2011 Bank of America Records (Acct 8555).PDF	D111675	D111795
48	2012 Bank of America Records (Acct 8555).PDF	D147530	D147764
49	2013 Bank of America Records (Acct 8555).PDF	D147765	D147961
50	2014 Bank of America Records (Acct 8555).PDF	D147962	D148176
51	2012 Bank of America Records (Acct 7509).PDF	D148177	D148877
52	2013 Bank of America Records (Acct 7509).PDF	D148878	D149352
53	2014 Bank of America Records (Acct 7509).PDF	D149353	D149699
54	2014 First Bank Records.PDF	D150089	D150101
55	First Bank Statements 11.18.14-09.30.16.pdf	-	-
56	Various HUD-1 Statements produced by Receiver in folder "Docs from Denny Chittick's Computer (Box 96) - HUD Statements"	-	-
57	Various property documents produced by Receiver in folder "Property Documents Re Selected Menaged Loans - Public Records"	-	-
58	Letter from Geoffrey M.T. Sturr to John DeWulf dated 1/17/18 re: Davis V. Clark Hill,	-	-
59	DenSco Investment Corporation in Receivership Profit & Loss Statement (All Transactions) dated 3/5/19	-	-
60	Expert Report of Neil J. Wertlieb dated 3/26/19	-	-
61	Receivership Fees and Costs Allocable to Scott Menaged 8/2016-2/2019	-	-

[1] - Documents listed without bates labels indicate the documents were produced without them, except for deposition exhibits. Due to the volume and nonconsecutive nature of deposition exhibits, the corresponding bates labels have not been identified within.



## Fenix Financial Forensics LLC

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### David B. Weekly, CPA, CFE, CFF, CIRA, CICA, CGMA Senior Managing Director

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David's experiences include expert witness testimony on a wide range of commercial damage issues in U.S. district, state and bankruptcy courts as well as arbitrations and mediations, with particular emphasis on accounting and financial issues, commercial disputes, constructions claims, internal controls and investigations of fraud matters.

David has additional expertise with complex financial investigations, contract compliance, theft and misappropriation of assets, bankruptcy, and workout services. He has conducted numerous investigations in connection with failed companies, including evaluating financial reporting controls and causes of business failure. These investigations typically require the assessment of a business enterprise or an alleged scheme, the quantification of losses or diverted funds, and the identification of potentially responsible parties.

David's industry experience includes aerospace and airlines, construction, financial services, banking, commodities, distribution, manufacturing, mining, real estate, healthcare, insurance, golf course operations, multilevel marketing, and retail bowling centers. Specific case experience includes class actions, Ponzi schemes, criminal allegations, stock option backdating, internal investigations, post-acquisition disputes, breach of fiduciary duty, deepening insolvency, leveraged buyouts, fraudulent transfers, and insurance claims.

Prior to establishing F3, David was a member of the national Forensic and Litigation Consulting team for FTI Consulting, Inc. He was also the partner-in-charge of KPMG's U.S. Dispute Advisory Services practice. Before joining KPMG, David served as the worldwide director of Litigation Services, partner-in-charge of the U.S. Complex Claims and Events practice and partner-in-charge of National Law Firm Relationships for Arthur Andersen LLP.

David has been a frequent speaker at conferences on such topics as expert witness issues, damage analysis, construction claims and alternative billing methods. In addition, he is the founder of the Arizona Corporate Counsel Forum, which hosts meetings quarterly on topics of interest to its members. David also serves on the professional advisory board of Arizona State University's School of Accountancy.

### Professional History

- Fenix Financial Forensics LLC (F3) – Senior Managing Director – Scottsdale, AZ (10/08 – Present)
- Independent Contractor – FTI Consulting, Inc. – Phoenix, AZ (09/06 – 09/08)
- FTI Consulting, Inc. – Senior Managing Director, National Forensic and Litigation Consulting Leadership Team member and Forensic Services leader for Western and Central Regions – Phoenix, AZ (11/03 – 09/06)
- KPMG LLP – Partner in Charge of U.S. Dispute Advisory Services Practice – Phoenix, AZ (05/02 – 10/03)
- Arthur Andersen LLP – Partner in Charge of National Law Firm Relationships and Arizona Claims and Disputes Practice – Phoenix, AZ (09/01 – 05/02)

- Arthur Andersen LLP – Partner in Charge of Business Consulting (Desert Southwest) and Partner in Charge of Pacific Region Claims and Disputes Practice – Phoenix, AZ (02/00 – 08/01)
- Arthur Andersen LLP – Firmwide Director of Litigation Services and Partner in Charge of the U.S. Complex Claims and Events Practice – Phoenix, AZ (09/95 – 09/00)
- Arthur Andersen LLP – Partner in Charge of Strategy, Finance & Economics (SFE) in the Desert Southwest – Phoenix, AZ (08/88 – 02/00)
- Arthur Andersen LLP – Manager, Litigation & Bankruptcy Consulting; Audit Manager – Phoenix, AZ (11/84 – 08/88)
- North American Coin & Currency, Ltd. (Public Company – Reorganized) – Executive Vice President, Secretary and Treasurer. Also served as General Manager for Court Appointed Trustee from September 1982 through November 1983. Acquired Series 7, 24 and 63 Securities licenses and acted as Principal for NASD Broker/Dealer operation formed during reorganization – Phoenix, AZ (09/82 – 11/84)
- North American Coin & Currency, Ltd. – Controller – Phoenix, AZ (04/80 – 09/82)
- Arthur Andersen LLP – Audit Division Senior Accountant, Financial Institutions and Construction Industry emphasis – Phoenix, AZ (12/76 – 04/80)
- United States Navy (Vietnam veteran) – (05/70 – 05/74)

## **Education**

- Bachelor of Science in Accounting, Arizona State University (1976)

## **Certifications**

- Certified Public Accountant (CPA) licensed in both Arizona and Missouri
- Certified Fraud Examiner (CFE)
- Certified in Financial Forensics (CFF)
- Certified Insolvency and Restructuring Advisor (CIRA)
- Certified Internal Controls Auditor (CICA)
- Chartered Global Management Accountant (CGMA)

## **Professional Affiliations**

- American Institute of Certified Public Accountants
- Arizona Society of Certified Public Accountants
- Association of Certified Fraud Examiners
- American Bankruptcy Institute
- Association of Insolvency and Restructuring Advisors
- The Institute for Internal Controls
- American Bar Association Litigation Section, Associate Member and former Co-Chair of Corporate Counsel Subcommittee on Expert Witnesses
- Professional Advisory Board, ASU School of Accountancy

## **Civic Affiliations**

- Served on two Maricopa County Bar Association committees to recommend judicial salaries in Arizona
- Served on Board of Directors and Executive Committee – Junior Achievement of Arizona
- Served on Valley Citizens League
- Consultant to Team USA Bowling and Young Bowling Alliance (YABA)
- Coordinated/coached numerous youth activities



## Publications and Presentations

- None in last 10 years

## Deposition and Testimony Experience (2015 – Present)

- Santosh George Kottayil v. Insys Therapeutics, Inc., Superior Court of Arizona, County of Maricopa, Testimony (2015)
- Pivotal 650 California St., LLC v. Dickinson Wright PLLC, Superior Court of Arizona, County of Maricopa, Deposition (2015)
- Cardiovascular Consultants, Ltd. v. David R. Sease, et al. and David R. Sease, et al. v. Andrei Damian, Superior Court of Arizona, County of Maricopa, Deposition (2015)
- Pam Case Bobrow v. Kenmark Deeds, LLC et. al., Superior Court of Arizona, County of Maricopa, Deposition (2016)
- John J. Hurry et al. v. Financial Industry Regulatory Authority, Inc. et al., US District Court for the District of Arizona, Deposition (2017)
- Responsive Data, LLC v. Isagenix International, LLC, AAA Arbitration – Phoenix, Arizona, Deposition (2017)
- John C. Pritzlaff III, et al. v. Ann Pritzlaff Symington, et al., Superior Court of Arizona, County of Maricopa, Deposition (2017)
- Frost Management Company, LLC, et al. v. Hollencrest Bayview Partners L.P., et al., JAMS Arbitration – Orange County, California, Testimony (2018)
- Wision Investments, LLC v. Hirschler Fleischer, et al., US District Court for the District of Arizona, Deposition (2018)
- eMove, Inc. et al. v. Hire A Helper LLC, et al., US District Court for the Southern District of California, Deposition (2018)
- Premier CM, LLC, dba Level CM, Claimant/Counter-Respondent, vs. Great Wash Park, LLC, Respondent/Counter-Claimant – Dispute Resolution Board – Las Vegas, Nevada, Deposition (2018); Testimony (2018)

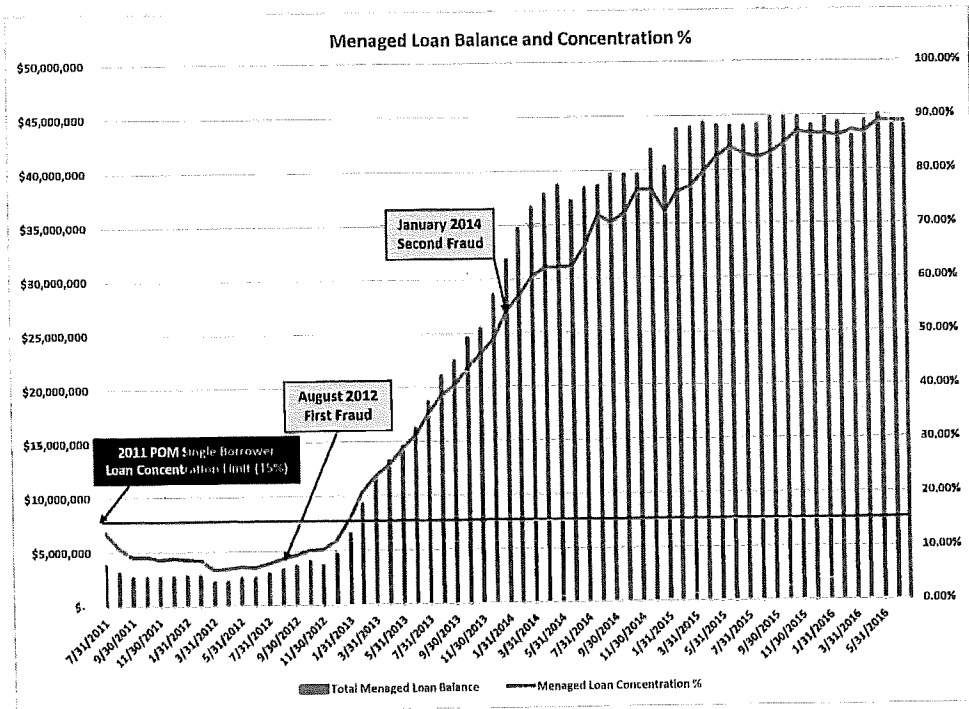
Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.  
 Menaged Loan Concentration

**Purpose:** To summarize DenSco's Menaged loan concentration.

**Source:** DenSco QuickBooks file

Period		Average Menaged Loan Balance	Average DenSco Total Loan Portfolio	Menaged Loan Concentration Range
Begin	End			
November 2007	April 2010	\$ 1,065,280	\$ 16,414,765	Less than 10%
May 2010	August 2011	\$ 2,733,063	\$ 22,781,244	Above 10%
September 2011	October 2012	\$ 2,805,179	\$ 34,536,309	Less than 10%
November 2012	December 2012	\$ 4,205,000	\$ 38,569,212	10% - 15%
January 2013	August 2013	\$ 13,897,625	\$ 49,826,271	16% - 38%
September 2013	March 2014	\$ 29,100,693	\$ 58,004,385	40% - 60%
April 2014	July 2016	\$ 42,373,377	\$ 54,095,638	62% - 89%



Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

**PURPOSE:** To summarize the Non-Workout Loan activity between DenSco and Menaged between January 2014 and June 2016.

**SOURCE:** Bank of America and First Bank Statements; Chittick Journal; DenSco QuickBooks; Various emails between Chittick and Menaged

Loan Category	Number	Amounts	Loan Activity Time Period		
Fully Repaid Loans [1]	1,229	\$290,179,834	1/22/2014 - 10/24/2014	12/1/2014 - 7/7/2015	
Not Fully Repaid Loans [2]	680	\$189,959,906		10/7/2014 - 12/1/2014	7/8/2015 - 11/4/2015
Non-Cash Loans [3]	809	\$255,401,500			11/2/2015 - 6/21/2016
<b>Total</b>	<b>2,718</b>	<b>\$735,541,240</b>			

[1] - Loans during these periods were disbursed and paid off (aggregate CASH OUT equals CASH IN), excluding interest paid.  
 [2] - Loans made and paid off during these time periods were made in groups either using Gross Cash Transactions or Net Cash Transactions (see definitions on Exhibit E).  
 [3] - Loans were recorded as disbursed and recorded as paid, but no cash transactions took place. None of these transactions are included in F3's damage calculations.

Expert Report of David D. Weekly

Peter S. Davis, as Receiver v. Clark Hill PC, et al.

REFERENCE: to schedule D source changes for Non-Workout Loan Losses.

SOURCE: Siman Consulting Prepared Transaction Report, Bank of America and First Bank Statements

**Bank Cash Transactions** - Groups of loans combined because banking transaction amount. Payoffs under this caption relate to one payoff per banking transaction.  
**Net Cash Transactions** - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

EXHIBIT E

A	B	C	D	E	F	G	H	I	J	K	L	M
Date	Bank Reference	Trans. No.	Payment Account	Transaction Account	Loan Account (CASH/INT)	Principal Payoff (CASH/INT)	Committed Principal (CASH/INT)	Payoff (CASH/INT)	Principal Payoff (CASH/INT)	Interest (Income)	Interest Payment	Net Cash (Dr/Cr)
				DI								Net Cash (Dr/Cr)
<b>Gross Cash Transactions</b>												
1	10/07/2014	1120	83104 Escrow Dr	351,100.00	351,100.00	-	351,100.00	-	-	-	-	351,100.00
2	10/07/2014	1121	11531 W. Hwy 400 Rd	342,000.00	342,000.00	-	702,000.00	-	-	-	-	342,000.00
3	10/08/2014	1457	17716 E. Montpel Dr.	183,700.00	183,700.00	-	367,400.00	-	-	-	-	183,700.00
4	10/08/2014	1458	1881 E. Montpel Dr.	184,000.00	184,000.00	-	368,000.00	-	-	-	-	184,000.00
5	10/08/2014	1459	11111 E. Conch Ave	219,000.00	219,000.00	-	438,000.00	-	-	-	-	219,000.00
6	10/08/2014	1465	1220 E. Shady Ln Rd	277,000.00	277,000.00	-	554,000.00	-	-	-	-	277,000.00
7	10/09/2014	1460	170 E. Sunset Hope Rd #115	103,200.00	103,200.00	-	206,400.00	-	-	-	-	103,200.00
8	10/09/2014	1469	1723 17th St. Pkwy	137,000.00	137,000.00	-	274,000.00	-	-	-	-	137,000.00
9	10/09/2014	1471	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
10	10/09/2014	1472	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
11	10/09/2014	1473	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
12	10/10/2014	1474	8626 W. Mt. Rose Dr.	210,400.00	210,400.00	-	420,800.00	-	-	-	-	210,400.00
13	10/10/2014	1475	15419 W. Maple Dr.	147,000.00	147,000.00	-	294,000.00	-	-	-	-	147,000.00
14	10/10/2014	1476	17467 W. Calaver Dr.	198,000.00	198,000.00	-	396,000.00	-	-	-	-	198,000.00
15	10/10/2014	1477	15111 W. Maple Dr.	151,500.00	151,500.00	-	303,000.00	-	-	-	-	151,500.00
16	10/10/2014	1478	15111 W. Maple Dr.	151,500.00	151,500.00	-	303,000.00	-	-	-	-	151,500.00
17	10/10/2014	1479	15286 W. Stone Ridge Dr.	249,000.00	249,000.00	-	498,000.00	-	-	-	-	249,000.00
18	10/10/2014	1480	141 Hillcrestwood	143,000.00	143,000.00	-	286,000.00	-	-	-	-	143,000.00
19	10/10/2014	1481	11111 E. Conch Ave	219,000.00	219,000.00	-	438,000.00	-	-	-	-	219,000.00
20	10/10/2014	1482	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
21	10/10/2014	1483	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
22	10/10/2014	1484	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
23	10/10/2014	1485	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
24	10/10/2014	1486	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
25	10/10/2014	1487	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
26	10/10/2014	1488	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
27	10/10/2014	1489	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
28	10/10/2014	1490	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
29	10/10/2014	1491	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
30	10/10/2014	1492	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
31	10/10/2014	1493	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
32	10/10/2014	1494	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
33	10/10/2014	1495	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
34	10/10/2014	1496	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
35	10/10/2014	1497	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
36	10/10/2014	1498	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
37	10/10/2014	1499	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
38	10/10/2014	1500	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
39	10/10/2014	1501	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
40	10/10/2014	1502	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
41	10/10/2014	1503	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
42	10/10/2014	1504	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
43	10/10/2014	1505	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
44	10/10/2014	1506	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
45	10/10/2014	1507	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
46	10/10/2014	1508	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
47	10/10/2014	1509	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
48	10/10/2014	1510	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
49	10/10/2014	1511	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
50	10/10/2014	1512	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
51	10/10/2014	1513	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
52	10/10/2014	1514	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
53	10/10/2014	1515	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
54	10/10/2014	1516	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
55	10/10/2014	1517	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
56	10/10/2014	1518	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
57	10/10/2014	1519	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
58	10/10/2014	1520	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
59	10/10/2014	1521	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
60	10/10/2014	1522	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
61	10/10/2014	1523	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
62	10/10/2014	1524	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
63	10/10/2014	1525	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
64	10/10/2014	1526	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
65	10/10/2014	1527	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
66	10/10/2014	1528	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
67	10/10/2014	1529	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
68	10/10/2014	1530	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
69	10/10/2014	1531	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
70	10/10/2014	1532	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
71	10/10/2014	1533	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
72	10/10/2014	1534	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
73	10/10/2014	1535	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
74	10/10/2014	1536	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
75	10/10/2014	1537	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
76	10/10/2014	1538	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-	-	341,000.00
77	10/10/2014	1539	1501 11th St. N	341,000.00	341,000.00	-	682,000.00	-	-	-		

Expert Report of David B. Weekly  
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DonSca damages for Non-Workout Loan Losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

**Definitions of terms used in this analysis**

**Gross Cash Transactions** - Groups of loans combined into one banking transaction amount. Payoffs under this caption relate to one property per banking transaction.

**Net Cash Transactions** - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H=F-G	I	J=H-I	K=J-I	L	M=N+L	N
#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal Cash Out (CASH IN) (\$)	Interest/Fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
43	10/22/2014	5697	3800 S Lincoln Dr #30		409,800.00		11,423,700.00						
44	10/22/2014	5699	3835 S 54th Ave		122,800.00		11,546,500.00						
45	10/22/2014	5702	12433 W Avalon Dr	1,101,900.00	389,100.00		11,729,600.00					1,101,900.00	
46	10/22/2014	5704	1637 E Calle de Caballos		392,800.00		11,132,400.00						
47	10/22/2014	5703	4642 E Blue Spruce Ln		264,600.00		12,497,000.00						
48	10/22/2014	5705	4742 N Greentree Cir W		751,400.00		12,648,400.00						
49	10/23/2014	5707	20055 Portland Ave	1,032,400.00	178,400.00		11,826,800.00					1,032,400.00	
50	10/23/2014	5709	10553 Dresden		174,500.00		13,001,700.00						
51	10/23/2014	5708	1382 S Ponderosa Dr		184,200.00		13,186,000.00						
52	10/23/2014	5711	1728 N Chestnut St		196,700.00		13,382,700.00						
53	10/23/2014	5710	3917 E Preston St		294,200.00		13,676,900.00						
54	10/24/2014	5713	2735 S White Creek Rd #1003	993,200.00	126,700.00		13,803,700.00					993,200.00	
55	10/24/2014	5714	28437 N 312th Way		489,400.00		14,293,100.00						
56	10/24/2014	5715	3934 E Aquarius Pl		377,100.00		14,670,200.00						
57	12/01/2014	5759	10484 E Arcata Dr	(514,411.40)		507,800.00	14,166,200.00	6,611.40	514,411.40			(514,411.40)	Payoff made in 2 separate banking transactions. The combined transaction amount is shown in Column E.
58	12/01/2014	5776	28479 W Pecos Cir	(133,259.80)		131,800.00	14,034,400.00	1,459.80	133,259.80			(133,259.80)	
59	12/01/2014	5609	15424 W Mesquite St	(154,783.90)		153,700.00	13,880,700.00	2,083.90	154,783.90			(154,783.90)	
60	12/01/2014	5757	1912 E Bedford Rd	(224,509.60)		221,400.00	13,659,300.00	3,109.60	224,509.60			(224,509.60)	
61	12/01/2014	5772	3840 S Beverly Ck	(170,043.15)		168,500.00	13,490,800.00	1,543.15	170,043.15			(170,043.15)	
62	12/01/2014	5767	105 W Oregon Ave	(34,418.20)		231,400.00	13,259,400.00	3,018.20	34,418.20			(34,418.20)	
63	12/01/2014	5762	595 N Solon Ln	(152,469.80)		151,100.00	13,108,300.00	1,369.80	152,469.80			(152,469.80)	
64	12/01/2014	5808	849 E Manor Dr	(153,449.85)		151,400.00	12,957,300.00	1,749.85	153,449.85			(153,449.85)	
65	12/01/2014	5777	19278 W Adams St	(156,566.40)		154,700.00	12,802,600.00	1,866.40	156,566.40			(156,566.40)	
66	12/01/2014	5775	435 W Harwell Rd	(159,044.80)		157,000.00	12,645,600.00	1,804.80	159,044.80			(159,044.80)	
67	12/01/2014	5806	6028 N 7th Ave	(189,893.50)		187,400.00	12,447,300.00	1,493.50	189,893.50			(189,893.50)	
68	12/01/2014	5766	3546 E Sandra Terrace	(410,274.80)		404,800.00	12,042,500.00	5,474.80	410,274.80			(410,274.80)	
69	12/01/2014	5778	7124 E Drayton Ave	(311,015.60)		309,600.00	11,732,900.00	1,415.60	311,015.60			(311,015.60)	
70	12/01/2014	5779	26140 N Wrenster Rd	(443,257.35)		438,000.00	11,294,900.00	5,257.35	443,257.35			(443,257.35)	
71	12/01/2014	5781	658 N Emery	(166,306.60)		164,000.00	11,130,900.00	2,306.60	166,306.60			(166,306.60)	
72	12/01/2014	5780	830 E Kirby Pl	(592,142.10)		585,400.00	10,544,200.00	6,742.10	592,142.10			(592,142.10)	
73	12/01/2014	5785	16661 W Bellevue St	(225,638.30)		224,200.00	10,319,000.00	1,438.30	225,638.30			(225,638.30)	
74	12/01/2014	5829	3136 E Larkspur Dr	(257,413.35)		253,700.00	10,065,300.00	3,713.35	257,413.35			(257,413.35)	
75	12/01/2014	5796	3241 E Emile Zola Ave			131,700.00	10,144,000.00	1,201.35	131,700.00				
76	12/01/2014	5800	3729 E 295th Ave	(124,986.10)		123,800.00	10,020,200.00	1,186.10	124,986.10			(124,986.10)	Payoff made in 2 separate banking transactions. The combined transaction amount is shown in Column E.
77	12/01/2014	5782	8144 E Del Baquero Dr	(96,188.10)		95,400.00	9,924,800.00	7,88.10	96,188.10			(96,188.10)	
78	12/01/2014	5789	15469 W Conine Dr	(155,970.00)		152,800.00	9,772,000.00	3,170.00	155,970.00			(155,970.00)	
79	12/01/2014	5793	2805 Evergreen Rd #1328	(148,948.75)		147,100.00	9,624,900.00	1,848.75	148,948.75			(148,948.75)	
80	12/01/2014	5817	5169 S John Lane	(105,491.20)		104,800.00	9,519,700.00	691.20	105,491.20			(105,491.20)	
81	12/01/2014	5788	6331 W Teitel Trall	(231,379.20)		228,400.00	9,291,300.00	2,979.20	231,379.20			(231,379.20)	
82	12/01/2014	5784	7186 E Golden Sable Way	(287,803.30)		284,100.00	8,987,200.00	3,703.30	287,803.30			(287,803.30)	
83	12/01/2014	5791	20802 E Greyhawk Dr #1084	(369,640.70)		363,900.00	8,623,300.00	5,740.70	369,640.70			(369,640.70)	
84	12/01/2014	5790	6648 W Elgin St	(187,313.70)		184,500.00	8,438,800.00	2,813.70	187,313.70			(187,313.70)	
85	12/01/2014	5792	4701 E Michigan Ave	(301,938.20)		299,100.00	8,139,700.00	2,838.20	301,938.20			(301,938.20)	
86	12/01/2014	5836	5737 S 116th Ave	(162,701.20)		159,400.00	7,980,300.00	3,301.20	162,701.20			(162,701.20)	
87	12/10/2014	5834	15860 W Tasha Dr	(155,947.60)		154,700.00	7,771,600.00	1,247.60	155,947.60			(155,947.60)	
88	12/10/2014	5799	3574 S 154th Street	(117,387.60)		116,900.00	7,654,700.00	4,87.60	117,387.60			(117,387.60)	
89	12/10/2014	5795	2932 E Shady Spring Trl	(187,128.80)		184,500.00	7,470,200.00	2,628.80	187,128.80			(187,128.80)	
90	12/10/2014	5798	3830 E Humberg Way	(185,456.40)		184,500.00	7,285,700.00	956.40	185,456.40			(185,456.40)	
91	12/11/2014	5835	4618 W Bathany Home Rd	(105,648.40)		104,800.00	7,180,900.00	848.40	105,648.40			(105,648.40)	
92	12/10/2014	5816	4403 W Canal Ave	(154,963.50)		153,800.00	6,987,100.00	1,163.50	154,963.50			(154,963.50)	
93	12/11/2014	5797	10363 W Cameo Dr	(136,393.75)		134,700.00	6,852,400.00	1,693.75	136,393.75			(136,393.75)	
94	12/11/2014	5810	1228 E Veruca Dr	(105,648.40)		104,800.00	6,747,600.00	848.40	105,648.40			(105,648.40)	
95	12/11/2014	5844	15651 W 29th Way	(457,234.25)		453,500.00	6,594,100.00	3,734.25	457,234.25			(457,234.25)	
96	12/11/2014	5844	21024 W Lark St			171,100.00	6,423,000.00	951.00	171,100.00				
97	12/11/2014	5818	2631 W Nancy Ln			118,100.00	6,304,900.00	954.80	118,100.00				

Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DonCo damages for Non-Workout Loan Losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

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Net Cash Transactions - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H = F - G	I	J = G + I	K = F - J	L	M = K + L	N
Bank Statement #	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Commodities Payment (CASH OUT) (\$)	Interest/ Fees Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Net Cash (\$)	Notes
98	12/11/2014	5819	2923 W Bluebird Ave	-	164,800.00	-	-	1,328.40	164,800.00	164,800.00	-	-	
99	12/11/2014	5804	4531 E Via Dona Rd	(298,246.40)	-	234,200.00	5,282,900.00	3,546.40	298,246.40	298,246.40	-	-	(298,246.40)
100	12/12/2014	5803	21321 N 73rd Way	(570,553.75)	-	563,500.00	4,719,400.00	7,053.75	570,553.75	570,553.75	-	-	
101	12/12/2014	5802	19335 E Lynn Way	(250,698.75)	-	287,100.00	4,432,300.00	3,598.75	290,698.75	290,698.75	-	-	
102	12/15/2014	5810	10219 W Robin Ln	(207,372.10)	-	204,600.00	4,227,700.00	2,772.10	207,372.10	207,372.10	-	-	
103	12/15/2014	5814	11843 N 146th Ave	(202,458.05)	-	199,850.00	4,027,850.00	2,608.05	202,458.05	202,458.05	-	-	
104	12/15/2014	5818	1819 E Medfield Rd	(185,512.50)	-	184,700.00	3,843,650.00	2,312.50	186,512.50	186,512.50	-	-	
105	12/15/2014	5817	20834 N 7th Place	(203,117.50)	-	200,600.00	3,943,950.00	2,317.50	203,117.50	203,117.50	-	-	
106	12/15/2014	5811	31822 N 54th Place	(400,930.60)	-	395,600.00	3,247,450.00	5,350.60	400,930.60	400,930.60	-	-	
107	12/15/2014	5815	11212 N 126th Place	(443,618.95)	-	437,700.00	2,409,750.00	5,918.95	443,618.95	443,618.95	-	-	
108	12/16/2014	5816	6326 E Alta Hacienda Dr	(680,169.85)	-	671,100.00	2,138,050.00	9,069.85	680,169.85	680,169.85	-	-	
109	12/17/2014	5807	3520 W Calle Escudo	(376,795.30)	-	371,400.00	1,767,250.00	5,395.30	376,795.30	376,795.30	-	-	
110	12/17/2014	5828	18201 W Westpark Blvd	(150,190.80)	-	148,400.00	1,638,350.00	1,790.80	150,190.80	150,190.80	-	-	
111	12/17/2014	5811	30602 N 45th Place	(198,684.45)	-	194,700.00	1,324,150.00	3,984.45	198,684.45	198,684.45	-	-	
112	12/17/2014	5839	6417 N 84th Lane	(180,311.65)	-	177,900.00	1,146,250.00	2,411.65	180,311.65	180,311.65	-	-	
113	12/17/2014	5824	8133 E Whitton Ave	(199,581.20)	-	197,600.00	948,650.00	2,981.20	199,581.20	199,581.20	-	-	
114	12/18/2014	5840	3226 E Green St	(314,363.25)	-	318,900.00	729,250.00	39,463.25	314,363.25	314,363.25	-	-	
115	12/18/2014	5822	23275 56th Avenue	(201,903.50)	-	163,900.00	565,350.00	38,003.50	201,903.50	201,903.50	-	-	
116	12/18/2014	5827	15775 Haledale Ct	(314,848.75)	-	379,100.00	186,750.00	4,748.75	383,848.75	383,848.75	-	-	
117	12/18/2014	5825	4223 E Park Ave	(221,427.35)	-	199,400.00	(13,650.00)	22,027.35	213,427.35	213,427.35	-	-	
118	12/18/2014	5832	1623 W Karibab Dr	(406,945.00)	-	490,800.00	(203,450.00)	6,145.00	496,945.00	496,945.00	-	-	
119	12/18/2014	5833	4412 E Maplewood St	(308,721.25)	-	304,900.00	(68,350.00)	3,821.25	308,721.25	308,721.25	-	-	
120	12/22/2014	5845	31204 N 169th Ave	(651,801.70)	-	644,700.00	(1,453,050.00)	7,101.70	651,801.70	651,801.70	-	-	
121	01/02/2015	6113	12221 N 58th Way	361,700.00	361,700.00	-	(1,091,350.00)	-	-	-	-	-	
122	02/03/2015	6125	3601 E Sweetwater Ave	298,566.00	298,566.00	-	(792,794.00)	-	-	-	-	-	
123	06/10/2015	6637	3901 E Sharon Dr	394,200.00	394,200.00	-	(398,594.00)	-	-	-	-	-	
124	06/12/2015	6658	314 E Horseshoe Ave	1,280,500.00	231,700.00	-	(166,894.00)	-	-	-	-	-	
125	06/12/2015	6659	6301 W Kings Ave	194,500.00	194,500.00	-	27,606.00	-	-	-	-	-	
126	06/12/2015	6656	6807 E Peak View Rd	886,400.00	886,400.00	-	914,606.00	-	-	-	-	-	
127	06/12/2015	6657	7715 Scan Dr	1,621,800.00	287,200.00	-	1,281,506.00	-	-	-	-	-	
128	06/15/2015	6660	11087 E Mission Ln	713,800.00	713,800.00	-	1,836,306.00	-	-	-	-	-	
129	06/15/2015	6662	11321 W Rocky Ave	157,800.00	157,800.00	-	2,048,106.00	-	-	-	-	-	
130	06/15/2015	6663	14426 W Lexington Ave Unit B	187,900.00	187,900.00	-	2,216,006.00	-	-	-	-	-	
131	06/15/2015	6661	2405 S El Dorado	238,700.00	238,700.00	-	2,474,706.00	-	-	-	-	-	
132	06/15/2015	6664	3133 E Harvard Ave	329,000.00	329,000.00	-	2,803,806.00	-	-	-	-	-	
133	06/16/2015	6669	20006 E Peace Dr	1,594,000.00	1,594,000.00	-	3,353,306.00	-	-	-	-	-	
134	06/16/2015	6668	2148 E Meola St	445,800.00	445,800.00	-	3,449,806.00	-	-	-	-	-	
135	06/16/2015	6667	4502 E Douglas Ave	164,800.00	164,800.00	-	3,614,606.00	-	-	-	-	-	
136	06/16/2015	6666	4513 E Durnmouth St	343,400.00	343,400.00	-	3,930,006.00	-	-	-	-	-	
137	06/16/2015	6665	824 W Azalea	445,800.00	445,800.00	-	4,379,806.00	-	-	-	-	-	
138	06/17/2015	6674	3002 E Edgewood Ave	1,573,200.00	153,200.00	-	4,549,006.00	-	-	-	-	-	
139	06/17/2015	6673	164 E Baylen Ln	278,500.00	278,500.00	-	4,827,806.00	-	-	-	-	-	
140	06/17/2015	6675	3702 E 35th Street	353,200.00	353,200.00	-	5,181,106.00	-	-	-	-	-	
141	06/17/2015	6672	3916 E Vallejo Dr	364,700.00	364,700.00	-	5,545,806.00	-	-	-	-	-	
142	06/17/2015	6676	4108 W Hoop Trl	251,800.00	251,800.00	-	5,797,606.00	-	-	-	-	-	
143	06/17/2015	6678	4108 W Hoop Trl	173,400.00	173,400.00	-	5,971,006.00	-	-	-	-	-	
144	06/18/2015	6679	11641 N Ventura St	1,615,000.00	213,700.00	-	6,184,706.00	-	-	-	-	-	
145	06/18/2015	6682	14446 N 184th Avenue	251,100.00	251,100.00	-	6,435,806.00	-	-	-	-	-	
146	06/18/2015	6683	14611 N 83rd Avenue	246,700.00	246,700.00	-	6,682,506.00	-	-	-	-	-	

Expert Report of David B. Weekly  
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DeaSeco damages for Non-Workout Loan Losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

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A	B	C	D	E	F	G	H=F-G	I	J=G+I	K=F-J	L	M=K+L	N
#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal CASH OUT/(CASH IN) (\$)	Interest/fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Recorded Transaction Amount (\$)	Notes
147	06/16/2015	6678	1691 W Maplewood St		227,000.00		227,000.00						
148	06/16/2015	6681	17566 W Gableton Dr		204,100.00		204,100.00						
149	06/16/2015	6680	3505 S Stissa Madie Ave		297,100.00		297,100.00						
150	06/18/2015	6684	610 W Kent Pl		174,900.00		174,900.00						
151	06/19/2015	6690	11218 W Vernon Ave	3,343,400.00	182,100.00		182,100.00						1,341,400.00
152	06/19/2015	6686	3401 W Coll Rd		183,000.00		183,000.00						
153	06/19/2015	6685	2519 E Geneva Dr		211,500.00		211,500.00						
154	06/19/2015	6688	3810 Lakewood Pkwy E #1017		133,900.00		133,900.00						
155	06/19/2015	6687	6760 E Venue St		241,100.00		241,100.00						
156	06/19/2015	6689	9553 W Kerner Dr		289,700.00		289,700.00						
157	06/22/2015	6692	16435 E Happy Rd	1,611,000.00	413,600.00		413,600.00						1,611,000.00
158	06/22/2015	6694	3315 N Hillside Dr		319,700.00		319,700.00						
159	06/22/2015	6693	3153 E Powell Way		346,800.00		346,800.00						
160	06/22/2015	6695	4710 S Carmine		286,800.00		286,800.00						
161	06/22/2015	6696	8045 E Windsor Ave		324,200.00		324,200.00						
162	06/22/2015	6698	1938 S Shannon St	1,563,600.00	165,300.00		165,300.00						1,563,600.00
163	06/22/2015	6701	15783 W Country Club Dr		210,200.00		210,200.00						
164	06/23/2015	6702	2535 S 227th Avenue		428,700.00		428,700.00						
165	06/23/2015	6697	3187 E Happy Rd		341,100.00		341,100.00						
166	06/23/2015	6699	8934 S Swell Dr		173,500.00		173,500.00						
167	06/23/2015	6700	7228 W Sunbeam Ave	1,634,800.00	257,800.00		257,800.00						1,634,800.00
168	06/24/2015	6706	1244 N Hillside Dr		304,500.00		304,500.00						
169	06/24/2015	6703	18626 E Purple Sage Dr		210,300.00		210,300.00						
170	06/24/2015	6705	2548 E Wescott Dr		192,500.00		192,500.00						
171	06/24/2015	6708	6907 W Carson Dr		185,600.00		185,600.00						
172	06/24/2015	6704	7408 S 20th Lane		327,900.00		327,900.00						
173	06/24/2015	6709	8043 E Madison Ave		756,200.00		756,200.00						1,593,100.00
174	06/24/2015	6707	908 N Swallow Ln	1,593,100.00	154,800.00		154,800.00						
175	06/25/2015	6710	1745 S Parkcrest St		272,500.00		272,500.00						
176	06/25/2015	6711	18911 E Canary Way		142,100.00		142,100.00						
177	06/25/2015	6714	1317 E Kelly St		184,600.00		184,600.00						
178	06/25/2015	6713	3513 S Stevia Ln		502,700.00		502,700.00						
179	06/25/2015	6716	6441 E Cowas Dr		164,400.00		164,400.00						
180	06/25/2015	6715	7735 E Verde Ln		123,800.00		123,800.00						
181	06/25/2015	6712	950 E Glenmeade Dr		147,300.00		147,300.00						1,587,700.00
182	06/25/2015	6719	10415 W Oakburn Ln	1,587,700.00	130,100.00		130,100.00						
183	06/25/2015	6724	1095 S 223rd Lane		314,800.00		314,800.00						
184	06/26/2015	6725	1134 W Vera Ln		124,400.00		124,400.00						
185	06/26/2015	6723	213 W Villa Rita Dr		110,100.00		110,100.00						
186	06/26/2015	6720	2109 S 43rd Lane		151,700.00		151,700.00						
187	06/26/2015	6722	1331 W Sabal Kateris Dr		133,800.00		133,800.00						
188	06/26/2015	6721	532 E Hawthorn St		162,100.00		162,100.00						
189	06/26/2015	6717	7165 W Gardenia Ave		314,400.00		314,400.00						
190	06/26/2015	6718	7884 E Bolo Dr		277,700.00		277,700.00						1,501,000.00
191	06/29/2015	6731	13265 S 183rd Avenue	1,501,000.00	287,100.00		287,100.00						
192	06/29/2015	6732	14004 N 44th Place		323,900.00		323,900.00						
193	06/29/2015	6729	18837 N 45th Street		207,600.00		207,600.00						
194	06/29/2015	6718	3624 E Baha Dr		281,400.00		281,400.00						
195	06/29/2015	6716	5139 S Maribel St		174,200.00		174,200.00						
196	06/29/2015	6740	7630 S 26th Way		141,500.00		141,500.00						976,600.00
197	06/29/2015	6725	1421 W Emeralds Cir	976,600.00	259,400.00		259,400.00						
198	06/30/2015	6736	18210 W Desert Willow Dr		157,800.00		157,800.00						
199	06/30/2015	6734	18601 E Via Del Jardin		214,700.00		214,700.00						
200	06/30/2015	6732	5008 W Pedro Ln		193,200.00		193,200.00						
201	06/30/2015	6733	924 W Hite Ave		216,700.00		216,700.00						
202	07/01/2015	6740	12514 W Hanzho Crk	1,193,800.00	174,300.00		174,300.00						1,193,800.00
203	07/01/2015	6738	15985 W Shiloh St		174,300.00		174,300.00						

Expert Report of David B. Weekly  
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DenSco damages for Non-Workout Loan Losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

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A	B	C	D	E	F	G	H=F-G	I	J=I-I	K=F-J	L	M=K+L	N
#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Current/In Progress (CASH OUT) (\$)	Interest/Fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
204	07/01/2015	6739	3507 W Palmblino Dr		357,500.00								
205	07/01/2015	6737	9542 E Cavalry Dr		433,800.00								
206	07/02/2015	6748	1152 E Westchester Dr	1,485,300.00	239,700.00								
207	07/02/2015	6742	13006 N 130th Lane		100,200.00								
208	07/02/2015	6747	17019 S 27th Drive		200,450.00								
209	07/02/2015	6741	21038 W Ridge Rd		189,800.00								
210	07/02/2015	6746	27849 N 31st Avenue		169,200.00								
211	07/02/2015	6744	39217 W Cactus Wien Dr		134,200.00								
212	07/02/2015	6743	4008 E Traylorwood Dr		384,900.00								
213	07/02/2015	6745	8227 S Cable Moxezuma		387,800.00								
214	07/02/2015	6753	11117 W Della Ln	1,377,100.00	334,700.00								
215	07/06/2015	6754	1210 W Amblerwood Dr		329,500.00								
216	07/06/2015	6751	16615 Mesonoya Ln		273,800.00								
217	07/06/2015	6752	18638 E Saegull Dr		181,300.00								
218	07/06/2015	6755	6064 E Beck Ln	1,690,900.00	252,800.00								
219	07/07/2015	6757	18936 E Trevino Dr		354,800.00								
220	07/07/2015	6758	6039 S Smokehouse Trl		347,200.00								
221	07/07/2015	6759	9218 E Pershing Ave		433,200.00								
222	07/07/2015	6760	9423 N Summer Hill Blvd		433,200.00								
<b>Net Cash Transactions [3]</b>													
223	10/24/2014	5650	8340 W Cavalier Dr	(73,790.30)	10,300.00								Transaction Included a \$75,000 Workout Loan payoff minus a \$100 math error for a net payoff of \$74,700. Net payment has been removed from Workout Loan Losses.
224	10/27/2014	5655	3220 E Shagan Ln Rd	(250,383.80)		240,100.00							
225	10/28/2014	5661	28706 W 64th Ave	269,150.55	276,700.00								DenSco received \$1,000 less than it recorded in its books. Loan Losses will be increased by \$1,000.
226	10/29/2014	5666	533 E Kyle Ckt	(223,624.30)		213,100.00							
227	10/29/2014	5669	6087 S Darbee Dr	211,535.30	217,000.00								
228	10/31/2014	5673	39823 N 56th Street	(59,664.70)	22,300.00								Managed made a \$75,000 payment on the Workout Loan balance. This \$75,000 has been removed from Workout Loan Losses.
229	11/03/2014	5689	2848 N 107th Lane	69,361.00	83,400.00								
230	11/04/2014	5684	8758 W Buckhorn Trl	355,878.80	170,800.00								
231	11/05/2014	5688	4923 S Wildflower Pl	(89,886.15)		29,000.00							Net payoff included a \$10 math error. DenSco received \$10 more than what was recorded. Loan Losses will be decreased by \$10.
232	11/06/2014	5752	939 N Shannon Cir	232,880.05	70,200.00								There was a net wking difference of \$33.45 which will be adjusted to increase loan losses. DenSco also formed an additional \$152,800 to Managed. This loan was paid off by Donald Kinble on 11/14/14, so there is no impact on loan losses for this amount.
233	11/07/2014	5697	3800 E Lincoln Dr #30	(102,112.95)	5,400.00								Managed made a \$100,000 payment on the Workout Loan balance. This \$100,000 has been removed from Workout Loan Losses.
234	11/10/2014	5705	4742 N Greenleaf Cir W	(144,925.55)		128,500.00							
235	11/12/2014	5710	1917 E Preston St	384,720.15	388,000.00								
236	11/14/2014	5720	4138 W Cocoon Dr	44,590.55	145,100.00								\$81,000 adjustment represents a Managed pay down on the Workout Loan. \$75,000 was recorded against the Workout Loan and \$6,000 to Interest Income. The \$75,000 has been removed from Workout Loan Losses, and Non-Workout Loan Losses will be decreased by \$6,000.
237	11/17/2014	5725	850 W Whitton Ave	(69,821.10)		59,300.00							The \$94,900 represented new borrowing, but it was paid off by 1/27/15 and has no impact on loan losses.
238	11/18/2014	5735	986 S Wanda Dr	337,107.15	252,300.00								
239	11/19/2014	5728	2646 E Bear Creek Ln	(88,130.60)		78,250.00							Net payoff was recorded as \$90,133.60, but due to a \$3 math error and a \$2,000 adjustment booked by CHHick, DenSco only received \$88,130.60. The underpayment of \$2,000 will be adjusted to increase loan losses.
240	11/20/2014	5768	7446 S 40th Lane	163,412.05	170,400.00								



Expert Report of David B. Weekly

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Bank Statement #	Date	Loan ID	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal (CASH IN) (\$)	Interest/Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Cash Payoff (CASH IN) (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
241	11/21/2014	5729	9255 E DuJale Rd	(9,364.40)	93,600.00	-	26,301,556.00	11,964.40	31,864.40	80,635.60	(100,000.00)	(19,364.40)	Managed made a \$100,000 payment on the Workout loan balance. This \$100,000 has been removed from Workout Loan Losses.
242	11/24/2014	5783	7219 N 111st Ave	58,730.10	59,300.00	-	26,377,656.00	10,369.90	39,697.90	58,730.10	-	58,730.10	
243	11/24/2014	5740	3099 W Via De Pedro Miguel	247,665.20	255,600.00	-	26,634,156.00	7,934.80	264,600.80	247,665.20	-	247,665.20	
244	11/26/2014	5753	27647 N 70th Street	(45,278.70)	-	35,900.00	26,597,356.00	9,378.70	45,278.70	(45,278.70)	-	(45,278.70)	The \$218,550 represented net new borrowing, but it was paid off on 6/16/15 and has no impact on Loan Losses.
245	02/17/2015	6125	3691 E Sweetwater Ave	(445,538.25)	-	660,356.00	25,937,100.00	3,831.25	664,187.25	(664,187.25)	218,550.00	(445,538.25)	
246	07/08/2015	6657	771 S Stan Dr	49,002.50	68,600.00	-	26,005,700.00	19,597.50	45,597.50	49,002.50	-	49,002.50	
247	07/09/2015	6671	635 W Anway Way	(34,560.80)	-	19,500.00	25,985,100.00	15,060.80	40,560.80	(34,560.80)	-	(34,560.80)	
248	07/10/2015	6675	3702 N 35th Street	(6,681.80)	10,800.00	-	25,995,900.00	19,481.80	35,161.80	(6,681.80)	-	(6,681.80)	
249	07/13/2015	6665	824 W Aralia	(19,643.75)	400.00	-	25,997,400.00	20,043.75	40,043.75	(19,643.75)	-	(19,643.75)	
250	07/14/2015	6140	3905 E Sierra Madre Ave	240,436.35	259,400.00	-	26,256,800.00	18,963.85	269,393.85	240,436.35	-	240,436.35	
251	07/15/2015	6684	616 W Horn Pl	(72,924.85)	-	56,500.00	26,313,300.00	16,424.85	72,924.85	(72,924.85)	-	(72,924.85)	
252	07/16/2015	6687	6760 E Verme St	(58,519.60)	-	41,600.00	26,354,900.00	16,919.60	70,519.60	(58,519.60)	-	(58,519.60)	
253	07/17/2015	6689	9553 W Keyser Dr	50,303.45	68,000.00	-	26,413,200.00	17,696.55	85,696.55	50,303.45	-	50,303.45	
254	07/20/2015	6700	7729 W San Juan Ave	(16,640.85)	-	18,000.00	26,431,200.00	17,760.85	35,640.85	(16,640.85)	-	(16,640.85)	
255	07/21/2015	6740	7616 S 20th Way	24,070.30	44,800.00	-	26,455,200.00	14,720.70	38,790.70	24,070.30	-	24,070.30	
256	07/21/2015	6709	8643 E Inlandia Ave	31,312.25	44,000.00	-	26,500,000.00	12,687.75	46,987.75	31,312.25	-	31,312.25	
257	07/23/2015	6712	950 E Glenmore Dr	(32,291.55)	-	16,900.00	26,516,900.00	15,391.55	48,291.55	(32,291.55)	-	(32,291.55)	
258	07/24/2015	6718	7634 E Bolo Dr	146,310.75	165,200.00	-	26,682,100.00	18,885.25	184,885.25	146,310.75	-	146,310.75	
259	07/27/2015	6715	7735 E Verde Ln	(139,897.35)	-	117,800.00	26,799,900.00	21,097.35	138,994.65	(139,897.35)	-	(139,897.35)	
260	07/18/2015	6743	4008 E Tanglewood Dr	83,477.80	101,400.00	-	26,831,300.00	17,923.20	129,323.20	83,477.80	1.00	83,477.80	Managed received \$1 more than the calculated net amount. Loan Losses will be increased by \$1.
261	07/19/2015	6737	9562 E Cavalry Dr	(74,724.50)	-	53,900.00	26,885,200.00	19,823.50	73,723.50	(74,724.50)	-	(74,724.50)	
262	07/30/2015	6745	8227 S Cafe Molezuma	66,251.40	85,600.00	-	26,941,000.00	16,846.60	100,446.60	66,251.40	-	66,251.40	
263	07/31/2015	6762	488 E Gall Dr	(74,377.50)	-	59,100.00	26,999,900.00	15,277.50	74,377.50	(74,377.50)	-	(74,377.50)	
264	08/01/2015	6759	9218 E Peaching Ave	78,819.65	98,200.00	-	27,058,100.00	19,389.35	98,188.35	78,819.65	9.00	78,819.65	Managed received \$9 more than the calculated net amount. Loan Losses will be increased by \$9.
265	08/03/2015	6758	6019 E Smokehouse Trl	(96,391.60)	-	81,000.00	27,139,100.00	15,391.60	101,391.60	(96,391.60)	-	(96,391.60)	
266	08/03/2015	6760	9423 N Summer Hill Blvd	76,170.65	90,300.00	-	27,229,400.00	14,129.35	104,429.35	76,170.65	-	76,170.65	Managed received \$0.50 more than the calculated net amount. Loan Losses will be increased by \$0.50.
267	08/06/2015	6758	6408 E Honoance Ave	(46,583.80)	-	28,200.00	27,257,600.00	18,384.40	64,584.40	(46,583.80)	0.50	(46,583.30)	
268	08/07/2015	6771	6701 E Hochingbird Ln	177,694.20	191,000.00	-	27,448,600.00	18,305.80	215,995.80	177,694.20	-	177,694.20	
269	08/10/2015	6774	3431 S W 340th Street	(77,541.00)	-	55,800.00	27,504,400.00	21,741.00	99,241.00	(77,541.00)	-	(77,541.00)	
270	08/10/2015	6776	7136 W Kings Ave	(17,329.60)	7,000.00	-	27,511,400.00	20,015.60	37,327.20	(17,329.60)	-	(17,329.60)	
271	08/12/2015	6786	4643 E Laredo Ln	27,748.45	47,000.00	-	27,559,100.00	19,651.55	56,978.55	27,748.45	-	27,748.45	
272	08/13/2015	6791	4608 E Kelly Dr	39,548.35	67,200.00	-	27,626,300.00	19,651.65	76,629.65	39,548.35	(9,000.00)	30,548.35	Due to a wiring error, DenSoco loaned \$9,000 less than planned. An adjustment will be made to decrease Loan Losses by \$9,000.
273	08/14/2015	6800	6505 Bay Dr	31,959.85	45,100.00	-	27,671,400.00	13,140.15	49,039.15	31,959.85	-	31,959.85	
274	08/17/2015	6805	7722 N Via De Palma	(9,985.75)	12,000.00	-	27,683,400.00	21,957.75	31,941.75	(9,985.75)	-	(9,985.75)	
275	08/18/2015	6819	4343 E Bluefield Ave	(35,274.95)	-	13,500.00	27,718,900.00	21,774.95	57,723.90	(35,274.95)	-	(35,274.95)	
276	08/19/2015	6817	7131 N Hill Access	56,930.45	76,400.00	-	27,775,300.00	19,469.55	76,193.55	56,930.45	-	56,930.45	
277	08/20/2015	6819	8729 W Potter Dr	(38,721.80)	-	19,400.00	27,794,700.00	19,331.80	58,125.80	(38,721.80)	-	(38,721.80)	Net new borrowing was recorded as \$63,368.35, but one property was misreported in an email by \$7,800. DenSoco loaned \$7,800 less than it recorded so Loan Losses will be decreased by \$7,800.
278	08/24/2015	6842	5839 W Highland Dr	60,568.15	83,300.00	-	27,878,000.00	17,933.85	100,233.85	60,568.15	(7,800.00)	52,768.15	DenSoco received \$9,900 more than the payout amount recorded in DenSoco's books. Loan Losses will be increased \$12,700.
279	08/24/2015	6867	315 E Pebble Beach Dr	(51,167.65)	-	22,100.00	27,899,900.00	19,167.65	70,335.65	(51,167.65)	(9,500.00)	(60,667.65)	DenSoco paid \$12,700 more to Menaged than the amount recorded in DenSoco's books. Loan Losses will be decreased by \$9,500.
280	08/25/2015	6845	8819 N 65th Place	84,131.80	91,700.00	-	27,991,600.00	20,268.20	111,968.20	84,131.80	12,700.00	96,831.80	
281	08/26/2015	6970	9950 W Iuka Ave	357,297.70	373,600.00	-	28,065,200.00	16,302.30	389,902.30	357,297.70	-	357,297.70	Managed received \$300 more than the calculated net amount due to a math error. Loan Losses will be increased by \$300.
282	08/27/2015	6914	9252 S Sanna Cir	316,678.05	335,100.00	-	28,400,300.00	18,771.95	353,871.95	316,678.05	300.00	316,978.05	
283	08/28/2015	6855	5210 N Mammoth Way	11,854.90	30,800.00	-	28,431,100.00	18,955.10	30,805.10	11,854.90	-	11,854.90	
284	08/31/2015	6864	7812 E Via Del Futuro	116,026.40	138,000.00	-	28,569,100.00	19,973.60	158,026.40	116,026.40	-	116,026.40	
285	09/01/2015	6868	5235 E Montel Dr	(17,410.50)	3,800.00	-	28,581,900.00	19,210.50	19,210.50	(17,410.50)	-	(17,410.50)	

Expert Report of David B. Weekly  
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DenSeco damages for Non-Workout Loan losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

Gross Cash Transactions - Groups of loans combined into one banking transaction amount. Payoffs under this caption relate to one property per banking transaction.

Net Cash Transactions - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H=F-G	I	J=I-I	K=F-J	L	M=K+L	N
Bank Statement #	Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal (CASH OUT) (CASH IN) (\$)	Interest/Fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustments (\$)	Transaction Amount (Net Cash Only) (\$)	Notes
285	09/02/2015	6879	8717 E Chaparral Rd	14,810.05	36,400.00	-	27,589.95	21,589.95	21,589.95	21,589.95	-	14,810.05	
287	09/03/2015	6875	901 E Williams Ln	(1,631.00)	39,100.00	-	27,923,000.00	20,731.00	20,731.00	(1,631.00)	-	(1,631.00)	
288	09/04/2015	6882	4109 E Dewett Dr	24,859.90	45,800.00	-	27,969,000.00	20,900.10	20,900.10	24,859.90	-	24,859.90	
289	09/08/2015	6915	4102 E Everett Dr	(27,124.40)	-	4,000.00	27,965,000.00	21,114.40	21,114.40	(27,124.40)	-	(27,124.40)	
290	09/09/2015	6905	7033 W Beverly Rd	29,503.15	50,300.00	-	28,015,200.00	20,795.85	20,795.85	29,503.15	-	29,503.15	
291	09/10/2015	6906	4894 E Rusty Spur Trl	205,055.90	235,500.00	-	28,241,800.00	19,694.10	19,694.10	205,055.90	-	205,055.90	
292	09/11/2015	6916	855 E Glenway St	(24,810.20)	-	6,600.00	28,135,200.00	18,220.20	18,220.20	(24,810.20)	-	(24,810.20)	
293	09/14/2015	6916	530 W Ray Rd	30,809.80	51,400.00	-	28,186,600.00	20,590.20	20,590.20	30,809.80	-	30,809.80	
294	09/15/2015	6923	2416 E Lizza Pl	(18,472.40)	-	6,900.00	28,179,700.00	20,472.40	20,472.40	(18,472.40)	-	(18,472.40)	
295	09/16/2015	7001	8358 W Bluefield Ave	27,359.95	45,500.00	-	28,215,200.00	18,100.05	18,100.05	27,359.95	-	27,359.95	
296	09/17/2015	7006	9121 S 55th Avenue	211,883.00	228,200.00	-	28,554,400.00	17,317.00	17,317.00	211,883.00	-	211,883.00	
297	09/18/2015	6946	5818 E Aracata Dr	(27,257.40)	-	8,400.00	28,546,000.00	18,857.40	27,257.40	(27,257.40)	-	(27,257.40)	
298	09/21/2015	6974	6902 W Sunnyvale Dr	107,731.05	121,100.00	-	28,667,500.00	16,178.95	16,178.95	107,731.05	360.00	107,731.05	Net new borrowing was calculated and recorded as \$102,373.05, but there was a math error of \$360. DenSeco loaned \$360 more than it recorded, so loan losses will be increased by \$360.
299	09/21/2015	6956	9074 E Justice Way	(101,364.40)	-	80,800.00	28,586,700.00	20,564.40	101,364.40	(101,364.40)	-	(101,364.40)	
300	09/23/2015	6957	6127 E Calle Del Palatino	30,589.70	51,100.00	-	28,638,000.00	21,510.30	21,510.30	30,589.70	-	30,589.70	
301	09/24/2015	6964	57 Dillmore Estates Dr	193,536.65	215,200.00	-	28,854,000.00	21,663.35	193,536.65	193,536.65	-	193,536.65	
302	09/25/2015	6982	903 W Oxford Dr	(32,968.15)	-	37,100.00	28,891,000.00	20,869.15	21,099.15	(32,968.15)	-	(32,968.15)	
303	09/28/2015	6989	6437 E Merino St	36,888.50	58,000.00	-	28,929,000.00	21,111.50	21,111.50	36,888.50	-	36,888.50	
304	09/29/2015	7000	6609 S 44th Street	(41,925.30)	-	23,600.00	28,977,300.00	19,315.30	41,925.30	(41,925.30)	-	(41,925.30)	
305	09/30/2015	6999	7216 E Fillmore St	54,423.30	75,100.00	-	28,952,400.00	20,676.50	20,676.50	54,423.30	(0.30)	54,423.30	Managed received \$0.30 less than the calculated net amount due to a math error. Loan losses will be decreased by \$0.30.
306	10/01/2015	7015	5916 W Edvard Dr	(16,948.55)	-	5,300.00	28,947,100.00	21,648.55	16,948.55	(16,948.55)	-	(16,948.55)	
307	10/02/2015	7026	6609 W Superior Ave	28,731.45	46,800.00	-	28,993,900.00	18,668.55	18,668.55	28,731.45	-	28,731.45	
308	10/05/2015	6998	9390 E Thompson Peak Pkwy #142	(12,353.95)	30,100.00	-	29,004,000.00	27,453.95	27,453.95	(12,353.95)	-	(12,353.95)	
309	10/06/2015	7019	5440 W Grove St	18,760.05	37,100.00	-	29,041,100.00	18,393.95	18,393.95	18,760.05	51.00	18,760.05	Net new borrowing was calculated and recorded as \$18,706.05, but there was a math error of \$54. DenSeco loaned \$54 more than it recorded, so loan losses will be increased by \$54.
310	10/07/2015	7031	3409 W Orchard Ln	(32,053.50)	-	14,400.00	29,016,700.00	17,553.50	32,053.50	(32,053.50)	-	(32,053.50)	
311	10/09/2015	7030	3545 N 73rd Drive	31,204.35	48,100.00	-	29,074,800.00	16,895.85	16,895.85	31,204.35	-	31,204.35	
312	10/13/2015	7034	2507 E Chambers St	20,607.50	40,600.00	-	29,115,400.00	19,992.50	19,992.50	20,607.50	-	20,607.50	
313	11/04/2015	7040	6759 W Crabapple Dr	93,900.14	385,000.00	-	29,501,200.00	191,245.85	191,245.85	93,900.14	(54.01)	93,900.14	Managed received \$54.01 less than the calculated net amount due to a math error. Loan losses will be decreased by \$54.01.
				47,837,956.00	18,336,756.00	29,501,200.00	2,142,681.25	20,479,437.25		Total Adj:	30,046.64		
										Adjustments Excluded:	(41,350.00)		
										Total Adjustments:	(11,303.36)		
										Total Unpaid Loan Balance	\$	29,501,200	
										Less: Interest Payments (Above)	\$	(2,142,681)	
										Less: Interest Payments on Fully Paid Loans [11]	\$	(7,941,113)	
										Less: Adjustments (see Notes)	\$	(11,303)	
										Unpaid Loan Balance (Net of Interest Payments)	\$	24,616,103	

- [1] - For transactions that were done in the "Holding Process" the Loan Number/Property Address represents one of the loan numbers/property addresses referenced in the records of DenSeco.
- [2] - Represents the amount of the transaction on the DenSeco bank statement unless "Notes" column indicates otherwise. Positive numbers are loans and negative numbers are payments.
- [3] - For Gross Cash Transactions, this is the property loan amount (CASH OUT). For Net Cash Transactions, the amount in this column is the CASH OUT portion of the netted transaction.
- [4] - For Gross Cash Transactions, this is the property principal payoff amount (CASH IN). For Net Cash Transactions, the amount in this column is the CASH IN portion of the netted transaction.
- [5] - Represents the cumulative unpaid loan principal balance.
- [6] - Represents the amount of interest/fee payments (CASH IN) made by Managed to DenSeco.
- [7] - Represents sum of principal and interest payments (CASH IN).
- [8] - For Net Cash Transactions only. Represents the net difference between CASH OUT and CASH IN before any adjustments.
- [9] - For Net Cash Transactions only. Represents the net difference between CASH OUT and CASH IN after the applicable adjustment.
- [10] - Transaction amount (Net Cash Only) as reported to the DenSeco bank statement.
- [11] - Represents interest received by DenSeco on Non-Workout Loans that were fully repaid, therefore the loans and related interest payments are not included in this listing.

Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.  
 Calculation of Prejudgment Interest

**PURPOSE:** To calculate prejudgment interest on damages associated with the DenSco Workout and Non-Workout Loan Losses.

**SOURCE:** F3 Expert Report; Letter from Geoffrey M.T. Sturr to John E. DeWulf dated January 17, 2018 ("Sturr Letter"); A.R.S 44-1201; Receiver March 2019 Status Report

Report Date 04/04/2019 Date of F3 Report  
 Prejudgment Interest Rate 10.0% ARS 44-1201(A)  
 Prejudgment Interest Rate 6.50% ARS 44-1201(B)

Prejudgment Interest Calculation @ 10%

Description	Interest Start Date	Interest End Date [3]	# of Days	Daily Interest Rate	Workout Loan Losses	Non-Work Out Loan Losses	Total Loan Losses	Net Receiver Recoveries	Loan Losses net of Recoveries	Prejudgment Interest	Damages Including Interest	Daily Interest Amount
Interest Starts August 31, 2016 [1]	08/31/2016	04/04/2019	946	0.0274%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 6,405,125	\$ 31,118,344	\$ 6,771
Interest Starts on the Complaint Date [2]	10/17/2017	04/04/2019	534	0.0274%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 3,615,578	\$ 28,328,797	\$ 6,771

Prejudgment Interest Calculation @ 6.50%

Description	Interest Start Date	Interest End Date [3]	# of Days	Daily Rate	Work Out Loan Losses	Non-Work Out Loan Losses	Total Loan Losses	Net Recoveries	Loan Losses net of Recoveries	Prejudgment Interest	Total Damages	Daily Interest
Interest Starts August 31, 2016 [1]	08/31/2016	04/04/2019	946	0.0178%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 4,163,331	\$ 28,876,550	\$ 4,401
Interest Starts on the Complaint Date [2]	10/17/2017	04/04/2019	534	0.0178%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 2,350,126	\$ 27,063,345	\$ 4,401

[1] - Approximate date Defendants received Chittick's pre-suicide writings blaming Clark Hill for the losses (see Sturr Letter).  
 [2] - Date Plaintiff filed the Complaint against Defendants.  
 [3] - Date of the F3 Report.

# Exhibit C

1 Colin F. Campbell, No. 004955  
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8

9  
10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
11 IN AND FOR THE COUNTY OF MARICOPA  
12

13 Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
14 corporation,

15 Plaintiff,

16 vs.

17 Clark Hill PLC, a Michigan limited  
liability company; David G. Beauchamp  
18 and Jane Doe Beauchamp, husband and  
19 wife,

20 Defendants.  
21

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF  
REBUTTAL EXPERT WITNESS  
REPORT RE STANDARD OF CARE**

(Commercial case)

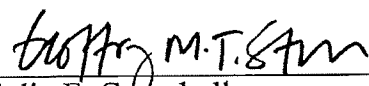
(Assigned to the  
Honorable Daniel Martin)

22 Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as  
23 Receiver of DenSco Investment Corporation, hereby discloses the attached rebuttal  
24 report of Neil J. Wertlieb, which addresses the Preliminary Expert Report of J. Scott  
25 Rhodes and the Expert Report of Kevin Olson, served by Defendants on April 5, 2019.  
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DATED this 7th day of June 2019.

OSBORN MALEDON, P.A.

By 

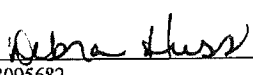
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Attorneys for Plaintiff

Original hand-delivered and  
copy sent by e-mail this  
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*Attorneys for Defendants*

  
8095682

**REBUTTAL REPORT OF NEIL J WERTLIEB  
TO DEFENDANTS' EXPERT REPORTS**

**In the matter of**

*Peter S. Davis, as Receiver of DenSco Investment Corporation*

**v.**

*Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp*

**Submitted on June 4, 2019**

**REBUTTAL REPORT OF NEIL J WERTLIEB  
TO DEFENDANTS' EXPERT REPORTS**

**In the matter of**

*Peter S. Davis, as Receiver of DenSco Investment Corporation*  
v.  
*Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp*

**Submitted on June 4, 2019**

**I. INTRODUCTION**

By letters dated June 15, 2017 and October 3, 2017, the law firm of Osborn Maledon, P.A. ("Osborn Maledon") retained me (through Wertlieb Law Corp, where I am principal) to serve as an expert witness in the matter of *Peter S. Davis, as Receiver of DenSco Investment Corporation v. Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp* (this "Case").

This Case was initiated by the filing of a Complaint on October 16, 2017, by Peter S. Davis, as the court-appointed receiver (the "Receiver") of DenSco Investment Corporation, an Arizona corporation ("DenSco"), following the death of Denny Chittick, DenSco's sole owner, shareholder and operator. In the Complaint, the Receiver states two claims for relief against the law firm of Clark Hill PLC ("Clark Hill") and David G. Beauchamp (collectively, the "Defendants"): (1) legal malpractice; and (2) aiding and abetting breach of fiduciary duties. The claims arise from the legal representation of DenSco by the Defendants.

I submitted an Expert Report in this Case on March 26, 2019 ("my Expert Report").<sup>1</sup> On April 5, 2019, the Defendants filed the Preliminary Expert Declaration of J. Scott Rhodes (the "Rhodes Declaration") and the Expert Report of Kevin Olson (the "Olson Report"). Mr. Rhodes' deposition (the "Rhodes Deposition") was taken on May 15, 2019, and Mr. Olson's deposition (the "Olson Deposition," and together with the Rhodes Deposition, the "Defendants' Experts' Depositions") was taken on May 17, 2019. This Rebuttal Report contains my observations with respect to the Rhodes Declaration and the Olson Report and the Defendants' Experts' Depositions.

**II. THE RHODES DECLARATION AND DEPOSITION**

With respect to the Rhodes Declaration and the Rhodes Deposition:

- First, I note that Mr. Rhodes expressly qualified his Declaration by stating that he is not opining with respect to "the standard of care specific to lawyers practicing in the area of

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<sup>1</sup> Terms used in my Expert Report which are referenced in this Rebuttal Report without definition are intended to have the same meaning as used in my Expert Report.



securities law.”<sup>2</sup> Further, Mr. Rhodes acknowledged in his deposition that he has not practiced in the area of securities law,<sup>3</sup> nor was he asked to form any opinions regarding the standard of care of securities lawyers with respect to securities laws in the state of Arizona.<sup>4</sup> Consequently, in my opinion, Mr. Rhodes is not qualified to opine on what Mr. Beauchamp would have or should have known in his capacity as the securities lawyer for DenSco, nor is he qualified to opine on Mr. Beauchamp’s responsibilities and obligations in light of the risks of securities fraud and related aiding and abetting (as discussed in my Expert Report).

- Mr. Rhodes informs his opinions on Mr. Beauchamp’s conduct based on “Chittick’s history of substantially following Mr. Beauchamp’s advice over the years.”<sup>5</sup> However, Mr. Chittick in fact was not following Mr. Beauchamp’s advice, at least with respect to his advice as to how to fund DenSco’s loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM).<sup>6</sup> As described in my Expert Report, Mr. Beauchamp had a series of “red flag” warnings that Mr. Chittick was not following such advice, beginning with the Freo Lawsuit in June 2013, through the December 2013 Phone Call, and culminating with the Bryan Cave Demand Letter in early January 2014. Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp’s advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). Because of the materially inaccurate statements and material omissions made in the 2011 POM, which Mr. Chittick was continuing to use to solicit investors, Mr. Beauchamp knew that his client was committing securities fraud. As a result, any reliance that Mr. Beauchamp may have placed on his incorrect belief as to Mr. Chittick’s history of following legal advice was misplaced and should be irrelevant in evaluating the Defendants’ conduct following the red flag warnings.
- The Rhodes Declaration asserts that, “In late 2013 and early 2014, Mr. Beauchamp had no reason to suspect, much less to ‘know’ that Chittick himself was engaging [...] in any illegal conduct.”<sup>7</sup> The Rhodes Declaration further asserts that “Beauchamp was ethically

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<sup>2</sup> Rhodes Declaration, paragraph D, Qualifications.

<sup>3</sup> Rhodes Deposition, page 23, lines 5-7. Mr. Rhodes also acknowledged in his deposition that he does not practice in the area of drafting private offering memorandums (page 23), hard-money lending (page 23), fiduciary duties owed by a hard-money lender to its investors (page 23), forbearance agreements (page 30), and when a corporation owes fiduciary duties to its stockholders or its investors (page 79).

<sup>4</sup> Rhodes Deposition, page 28, lines 20-24.

<sup>5</sup> Rhodes Declaration, paragraph 25; see also paragraph 31.

<sup>6</sup> See page 6, Defendants’ DS (“DenSco and Mr. Chittick were both advised [...] that it was of *fundamental importance* that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.” [italics added]).

<sup>7</sup> Rhodes Declaration, paragraph 26. Note that “a violation of law” is only one of two categories of misconduct that trigger an attorney’s obligations under Rule 1.13. The other category is “violation of a legal obligation to the organization” (such as a breach of fiduciary duty).

prohibited in late 2013 and early 2014 from taking any action [pursuant to] ER 1.13's requirement to take action contrary to Chittick's business decisions."<sup>8</sup> However, beginning in June 2013, Mr. Beauchamp had a series of red flag warnings that, as DenSco's securities lawyer, should have at least given him reason to suspect illegal conduct on the part of Mr. Chittick. Further, Mr. Beauchamp knew that, beginning in July 2013, Mr. Chittick was causing DenSco to improperly issue securities based on the expired and out-of-date 2011 POM. Regardless, by January 7, 2014, Mr. Beauchamp knew Mr. Chittick was not following his advice, which was causing his client DenSco to commit securities fraud. The Rhodes Declaration does not dispute this fact. As described in my Expert Report, this knowledge imposed an obligation on the part of the Defendants to immediately withdraw from the representation of DenSco. However, the Rhodes Declaration acknowledges that this did not happen.<sup>9</sup>

- The Rhodes Declaration asserts that "Mr. Beauchamp acted within the standard of care [...] by promptly communicating [...] about the legal ramifications to DenSco of the 'double lien' issue."<sup>10</sup> However, in my opinion (as described in my Expert Report), merely paying lip service to the client's disclosure obligations does not satisfy the standard of care applicable to a securities lawyer when that lawyer knows that his client was committing securities fraud, and is continuing to commit securities fraud following such communication. The Rhodes Declaration also asserts that "Chittick never indicated he would not disclose; the only issue appeared to be about when he would disclose."<sup>11</sup> However, this assertion ignores the fact that it was the timing of such updated and corrected disclosure that was critically important, due to the fact that Mr. Chittick was causing DenSco to commit securities fraud in the interim.
- The Rhodes Declaration asserts that Mr. Beauchamp was acting within the standard of care by deferring to Mr. Chittick's "plan to resolve the 'double lien' issue so as to include the plan with the disclosure of the issue to investors."<sup>12</sup> This assertion, however, ignores the fact that the Chittick Plan included preparation of a Forbearance Agreement, an unnecessary document that delayed disclosure by three months, while Mr. Beauchamp's client continued to offer and sell securities in violation of the disclosure requirements under applicable securities laws. The Rhodes Declaration further asserts that Mr. Beauchamp was not obligated "to seize control of the DenSco decision-making process from Chittick."<sup>13</sup> This assertion, however, ignores the fact that Mr. Beauchamp was not simply passive with respect to the Chittick Plan, but rather he encouraged Mr. Chittick to

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<sup>8</sup> Rhodes Declaration, paragraph 30.

<sup>9</sup> Rhodes Declaration, paragraph 42; page 12, lines 21-26, Defendants' DS ("As Mr. Beauchamp explained in a February 10, 2014 email to his colleagues, 'we advised our client that he needs to have a Forbearance Agreement in place to evidence the forbearance and the additional protections he needs.'").

<sup>10</sup> Rhodes Declaration, paragraph 28.

<sup>11</sup> Rhodes Declaration, paragraph 35.

<sup>12</sup> Rhodes Declaration, paragraph 33.

<sup>13</sup> Rhodes Declaration, paragraph 33.

document the Plan and Mr. Beauchamp himself took the lead in documenting and in advocating for the Forbearance Agreement.<sup>14</sup>

- The Rhodes Declaration asserts that Mr. Beauchamp was not obligated “to perform an independent investigation into Menaged,” and that “to have done so [...] would have violated his ethical duties” – “[u]nless Chittick had asked him to investigate Menaged.”<sup>15</sup> The Rhodes Declaration, however, ignores the fact that Mr. Chittick specifically asked Mr. Beauchamp to do exactly that, at the time of the Freo Lawsuit.<sup>16</sup>
- The Rhodes Declaration includes the following statement: “Beauchamp reasonably could consider that [...] DenSco and Chittick were one client.”<sup>17</sup> This strikes me as an incorrect and fundamentally flawed statement of the law. While DenSco was wholly-owned by Mr. Chittick, they are not the same person nor the same client, nor should they have been treated as such by the Defendants. It was DenSco, and not Mr. Chittick, that was issuing Notes to investors, and it was DenSco, and not Mr. Chittick, that was using the proceeds from those sales to fund mortgage loans. The problems with Mr. Rhodes’ statement become obvious when viewed in the context of the events that occurred in this Case. Following the death of Mr. Chittick, Mr. Beauchamp acknowledged that it was a conflict of interest for the Defendants to represent both DenSco and its owner, the Chittick Estate.<sup>18</sup> Further, as described in my Expert Report, the fiduciary duties owed individually by Mr. Chittick as director, officer and sole shareholder shifted to DenSco’s creditors once DenSco became insolvent (or entered the zone of insolvency), such that Mr. Chittick was obligated to treat all assets of DenSco as “existing for the benefit” of the Noteholders and other creditors.
- The Rhodes Declaration asserts as a factual matter that Mr. Beauchamp “terminated the attorney-client relationship in May 2014.”<sup>19</sup> However, the Rhodes Declaration fails to cite to any evidence in support of this factual assertion, and Mr. Rhodes in his deposition acknowledged that he had “seen no writing indicating one way or another whether Mr. Chittick believed that Clark Hill had withdrawn.”<sup>20</sup> Mr. Rhodes conceded during his deposition that, in fact Mr. Beauchamp did not withdraw in May 2014, “he did not

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<sup>14</sup> Defendants’ DS, page 8 (“Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan.”);

<sup>15</sup> Rhodes Declaration, paragraph 34.

<sup>16</sup> Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to [Menaged’s] attorney. Contact info is below.”).

<sup>17</sup> Rhodes Declaration, paragraph 27.

<sup>18</sup> Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Chris Hyman, Executive Vice President, American Title Service Agency (“Due to potential conflicts of interest, we have resigned as counsel to the Estate”).

<sup>19</sup> Rhodes Declaration, paragraph 42.

<sup>20</sup> Rhodes Deposition, pages 49-50, lines 19-2.

meet his duties.”<sup>21</sup> As discussed in my Expert Report, there is substantial evidence that the Defendants did not in fact terminate its relationship with DenSco in May 2014.

- The Rhodes Declaration suggests that it was appropriate for the Defendants to represent both DenSco and the Chittick Estate following the death of Mr. Chittick because “Lawyers are permitted to give legal assistance in an emergency if the assistance is ‘limited to that reasonably necessary under the circumstances,’” citing to Rule 1.1, Comment [3], of the Arizona’s Rules of Professional Conduct.<sup>22</sup> What the Rhodes Declaration ignores, however, is that Rule 1.1 is the rule relating to competence. As such, Rule 1.1, as extended by Comment [3] with respect to emergency situations, only pertains to competence (e.g., the quality of the work performed in an emergency) and not as to whether the attorney is otherwise permitted to engage with a particular client. As discussed in my Expert Report, the Defendants failed to recognize and properly address the conflicts of interest they had (a) in representing DenSco in wind down efforts due to their own interests, and (b) in representing DenSco and the Chittick Estate due to the potential claims that DenSco had against the Chittick Estate. While the sudden and unexpected death of Mr. Chittick may have created an emergency of the type contemplated by Rule 1.1, such emergency does not excuse the Defendants’ violation of Rule 1.7 pertaining to conflicts of interest – whether in taking on a new matter for an existing or former client (in the case of DenSco) or taking on an entirely new client (in the case of the Chittick Estate). In other words, contrary to what is suggested in the Rhodes Declaration, there is no emergency exemption to Rule 1.7, and therefore no excuse for the Defendants’ improper representation of DenSco or the Chittick Estate following the death of Mr. Chittick.
- Finally, at his deposition, Mr. Rhodes offered an additional opinion on the above topic: that there was no conflict of interest for the Defendants in opening a file after Mr. Chittick’s death to represent DenSco in wind down efforts.<sup>23</sup> Mr. Rhodes appeared to be of the opinion that no conflict of interest could exist until someone asserted a claim against Clark Hill.<sup>24</sup> He further testified that eventually “Clark Hill informed individuals that they were going to be withdrawing because they anticipated that there was a conflict, and that’s because they had received some indications of questions being posed about their conduct.”<sup>25</sup> But Mr. Rhodes was unable to identify when the obligation to withdraw arose, because he was “not sure when the first communication came to Clark Hill that [...] gave them the first indication of an actual review of their conduct.”<sup>26</sup> Mr. Beauchamp approved the opening of the file for wind down efforts on August 23, 2016, five days after the Receiver was appointed. The Defendants represented DenSco in wind down efforts for at least eight weeks following Mr. Chittick’s suicide (beginning on July

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<sup>21</sup> Rhodes Deposition, pages 186-187, lines 24-2.

<sup>22</sup> Rhodes Declaration, paragraph 42.

<sup>23</sup> Rhodes Deposition, page 194, lines 15-17, and page 196, line 4. Mr. Rhodes offered no such opinion with respect the Defendants’ representation of the Chittick Estate.

<sup>24</sup> Rhodes Deposition, page 196, lines 17-24.

<sup>25</sup> Rhodes Deposition, page 198, lines 18-22.

<sup>26</sup> Rhodes Deposition, page 200, lines 10-15.

30, 2016, and continuing at least through September 23, 2016). Even absent the assertion of a claim against Clark Hill, the Defendants were well aware of the risk that claims for malfeasance could be brought against them on behalf of DenSco, as evidenced, inter alia, in the Iggy Letter and by Mr. Beauchamp's "extensive" discussions with Ms. Heuer regarding potential conflicts he had in representing DenSco.<sup>27</sup> Contrary to Mr. Rhodes' apparent opinion, Arizona Rule 1.7 (Conflict of Interest: Current Clients) does not require that a claim be asserted on behalf of a client in order for a conflict to exist: "A [...] conflict of interest exists if [...] there is a significant risk that the representation [...] will be materially limited [...] by a personal interest of the lawyer." As stated in Comment [10] to the Rule: "The lawyer's own interests should not be permitted to have an adverse effect on representation of a client. For example, if the probity of a lawyer's own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice." In my opinion, that is exactly what occurred here. As stated in my Expert Report, independent legal counsel to DenSco would have considered and pursued claims against the Defendants for their malfeasance; instead, it appears that Mr. Beauchamp actively tried to protect himself and Clark Hill against such claims.

### III. THE OLSON REPORT AND DEPOSITION

With respect to the Olson Report and the Olson Deposition:

- Consistent with my Expert Report, the Olson Report acknowledges that "DenSco did not have any directors, officers, or employees other than Mr. Chittick," who "was responsible for managing DenSco's business, with only occasional assistance from experts, consultants and contractors."<sup>28</sup> The Olson Report appears to dismiss this serious problem by explaining that Mr. Chittick "sought to operated DenSco with very low overhead."<sup>29</sup> While perhaps a desirable goal on the part of Mr. Chittick, the Olson Report fails to recognize that DenSco's ability to manage its business operations and compliance obligations was severely constrained – a serious problem that should have been obvious to Mr. Beauchamp, as described in my Expert Report.
- Like Mr. Rhodes, Mr. Olson informs his opinions on Mr. Beauchamp's conduct based on Mr. Chittick appearing to be "trustworthy [...] and a good client," who "appeared to follow Mr. Beauchamp's advice."<sup>30</sup> Under a section entitled "Reasonableness of Mr. Beauchamp's reliance on Mr. Chittick," the Olson Report states that Mr. Chittick "appeared to have followed appropriate procedures," which "properly informed Mr. Beauchamp's perception of, and advice to, Mr. Chittick."<sup>31</sup> However, Mr. Chittick in fact was not following Mr. Beauchamp's advice, at least with respect to his advice as to

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<sup>27</sup> See pages 447-448, lines 19-15, Deposition of Mr. Beauchamp.

<sup>28</sup> Olson Report, page 2.

<sup>29</sup> Olson Report, page 2.

<sup>30</sup> Olson Report, page 4.

<sup>31</sup> Olson Report, page 14.

how to fund DenSco's loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM).<sup>32</sup> As described in my Expert Report, Mr. Beauchamp had a series of "red flag" warnings that Mr. Chittick was not following such advice, beginning with the Freo Lawsuit in June 2013, through the December 2013 Phone Call, and culminating with the Bryan Cave Demand Letter in early January 2014. Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp's advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). Because of the materially inaccurate statements and material omissions made in the 2011 POM, which Mr. Chittick was continuing to use to solicit investors, Mr. Beauchamp knew that his client was committing securities fraud. As a result, any reliance that Mr. Beauchamp may have placed on his incorrect belief as to Mr. Chittick's history of following legal advice was misplaced and should be irrelevant in evaluating the Defendants' conduct following the red flag warnings.

- I generally agree in concept with the summary description of "Securities Regulations and Context" contained on pages 4 through 8 of the Olson Report.<sup>33</sup> However, this description (and other portions of the Olson Report, as described below) fails to recognize that, while the issuer of securities in a Rule 506 offering to accredited investors "is not required to provide substantive information in *any particular format*,"<sup>34</sup> because the disclosure of such information is subject to Rule 10b-5 (among other applicable securities laws and rules), the issuer's own statements regarding such format are highly relevant. As noted in my Expert Report, the 2011 POM contained the following statements:
  - 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.<sup>35</sup>
  - In order to continue offering the Notes during this [two year] period, the Company will need to update this Memorandum from time to time. [...] A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing 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.<sup>36</sup>

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<sup>32</sup> See page 6, Defendants' DS ("DenSco and Mr. Chittick were both advised [...] that it was of *fundamental importance* that DenSco safeguard the use of its investors' funds in conjunction with properly recording liens, in order to ensure that DenSco's loans were in first position." [italics added]).

<sup>33</sup> Although it appears that the last sentence of Section 4.5 of the Olson Report is misstated.

<sup>34</sup> Olson Report, page 7 [italics added].

<sup>35</sup> 2011 POM, page (i).

<sup>36</sup> 2011 POM, page 24.

- 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.<sup>37</sup>

These statements, taken together, convey to investors that Notes were being offered exclusively pursuant to written POMs, that such POMs will be updated or replaced as required, and that any information provided outside of a POM should be disregarded. As a result, because of the language contained in the 2011 POM prepared by Mr. Beauchamp, DenSco was not permitted to offer Notes by providing substantive information in “any particular format” nor was it permitted to provide such information verbally.

- At his deposition, Mr. Olson was questioned about the form of Subscription Agreement utilized by DenSco with its investors in April 2013 and thereafter, which form was prepared by Mr. Beauchamp. The Subscription Agreement contained the following representations and warranties to be made by investors:
  - Section 2(a): “The undersigned has carefully reviewed the POM [incorrectly defined as the 2009 POM]. The undersigned has relied solely on the information contained therein, and information otherwise provided to me *in writing* by the Company.”<sup>38</sup>
  - Section 2(b): “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*.”<sup>39</sup>

Contrary to the language of such representations, Mr. Olson suggested that it was reasonable and acceptable for Mr. Beauchamp to rely on Mr. Chittick’s alleged assurances in January 2014 that he was making disclosures to investors, orally and not in writing, that were inconsistent with the applicable POM.<sup>40</sup> In my experience, POMs are often used in private placement offerings to accredited investors, even though not required under the securities laws.<sup>41</sup> One of the principal reasons for doing so is to create a paper trail such that, if there is a subsequent dispute with an investor as to the adequacy of disclosures made, the issuer can introduce the POM as clear evidence of what was disclosed. Relying solely on oral disclosures to update and correct material misstatements and omissions in a POM creates unnecessary exposure to the issuer. Further, the language of the Subscription Agreement indicates to investors that they must not even take into account any disclosures made orally nor any disclosures (whether orally or in writing) that were inconsistent with the POM. For these reasons, I disagree

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<sup>37</sup> 2011 POM, page (v).

<sup>38</sup> Italics added.

<sup>39</sup> Italics added.

<sup>40</sup> See, e.g., Olson Deposition, page 68, lines 10-14; pages 71-72, lines 13-4.

<sup>41</sup> Mr. Olson is in accord. See Olson Deposition, pages 74-75, lines 16-1.

with Mr. Olson. In my opinion, it would have been neither reasonable nor acceptable for Mr. Beauchamp to rely on any such assurances by Mr. Chittick.

- The Olson Report appears to suggest that, “[f]rom the start of its capital raising efforts, DenSco’s offerings [...] were intended to qualify under Regulation D, Rule 506(c) and appear to have so qualified.”<sup>42</sup> However, Rule 506(c) did not go into effect until September 23, 2013, months after the 2011 POM expired.
- The Olson Report asserts that “DenSco could comply with its Regulation D obligations by disclosing information orally,” that “DenSco could stop using the expired POM entirely, but make other disclosures (both orally and in writing) to replace those in the expired POM,” and that “DenSco could continue to use the POM [...] and use its [sic] supplemental oral and written disclosures to bring the information provided to investors up to date.”<sup>43</sup> As explained above, however, because of the statements made in the 2011 POM, DenSco could do no such thing. As described in my Expert Report, the failure to provide updated and corrected information, in the manner required by the 2011 POM, resulted in a violation of Rule 10b-5 and constituted securities fraud. Further, as described in my Expert Report, Mr. Beauchamp knew or should have known that Mr. Chittick was not providing the disclosures (whether orally or in writing) that would have been required in order to update and correct the information contained in the 2011 POM.
- The Olson Report suggests that, *because* Notes were only being offered in a manner that did not mandate “specific written information that the SEC requires in [...] non-accredited investor offerings,” the Defendants did “not have to [...] confirm the information.”<sup>44</sup> This suggestion, however, is incorrect. Regardless of whether they were required by the specific disclosure requirements of Regulation D, POMs were in fact utilized, and as DenSco’s securities lawyer, Mr. Beauchamp bears certain responsibility for ensuring their accuracy – especially when he knew that the disclosures contained therein were materially inaccurate or incomplete.
- The Olson Report attempts to deflect what he characterizes as the Receiver’s position that “Mr. Chittick [had] taken on too much responsibility,” by observing that “[t]he amount of money being lent and raised was consistent with a ‘hot’ market as the real estate market finally recovered from the 2007 to 2010 collapse.”<sup>45</sup> However, although such observation may explain *why* Mr. Chittick had taken on too much responsibility, it in no way explains *how* he could possibly manage such responsibility. As detailed in my Expert Report, DenSco was operating a high-volume business in a regulated environment that would have necessitated active involvement by Mr. Chittick. Because DenSco was a “one-man shop,” its ability to manage its business operations and compliance obligations was severely constrained – a fact that should have been readily apparent to Mr. Beauchamp.

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<sup>42</sup> Olson Report, page 8.

<sup>43</sup> Olson Report, page 9.

<sup>44</sup> Olson Report, page 10.

<sup>45</sup> Olson Report, page 12.



- The Olson Report asserts as a factual matter that it was Mr. Chittick, and not Mr. Beauchamp, that caused delay in timely preparing the 2013 POM: “Mr. Chittick [...] did not provide all the updated detail, including financial detail, that was needed for the 2013 POM. Mr. Beauchamp also understood that Mr. Chittick preferred to wait to issue an updated POM until after he scaled down the amount outstanding to investors. Mr. Beauchamp advised against waiting.”<sup>46</sup> However, the Olson Report fails to cite to any evidence in support of this factual assertion. As discussed in my Expert Report, it was Mr. Chittick who prompted Mr. Beauchamp to begin work on the 2013 POM in early May 2013, but shortly thereafter it was Mr. Beauchamp who stopped working on the POM when he identified what he thought was an issue with respect to the amount outstanding. After consulting with his colleagues, Mr. Beauchamp learned that the amount outstanding was a non-issue, but by then the 2013 POM had already expired – and the Defendants never completed the updated disclosure.
- Even though it acknowledges that Mr. Chittick specifically asked Mr. Beauchamp to speak with Mr. Menaged’s attorney, the Olson Report asserts that “Mr. Chittick did not ask Mr. Beauchamp to [...] investigate the factual allegations in the [Freo Lawsuit] Complaint.”<sup>47</sup> The Olson Report further asserts that “neither the information in the FREO lawsuit, nor the information Mr. Chittick shared with Beauchamp about the FREO lawsuit, would have or should have prompted Mr. Beauchamp to raise additional concerns about DenSco’s business practices.”<sup>48</sup> Despite this, the Olson Report acknowledges that Mr. Beauchamp explained to Mr. Chittick that the Freo Lawsuit would need to be disclosed to investors.<sup>49</sup> However, Mr. Beauchamp failed to follow through with Mr. Menaged’s attorney as instructed by Mr. Chittick,<sup>50</sup> and failed to prepare any disclosures with respect to the Freo Lawsuit or ensure that such disclosures were provided to investors. As described in my Expert Report, the Freo Lawsuit was the first in a series of red flag warnings that alerted Mr. Beauchamp to the fact that his client was committing securities fraud.
- The Olson Report asserts that, aside from correspondence transitioning a portion of DenSco’s files from Bryan Cave to Clark Hill, there was no communication between Mr. Chittick and Mr. Beauchamp from August 2013 to December 2013.<sup>51</sup> This appears to be contrary to the Defendants’ position that Mr. Chittick instructed Mr. Beauchamp to stop working on the POM in either August or September 2013, as referenced in footnote 42 in my Expert Report. Further, because Mr. Beauchamp knew that DenSco was continuing to sell Notes to investors, and that the 2011 POM contained outdated and inaccurate information – in addition to failing to disclose the Freo Lawsuit, which Mr. Beauchamp

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<sup>46</sup> Olson Report, page 14.

<sup>47</sup> Olson Report, page 15.

<sup>48</sup> Olson Report, page 15.

<sup>49</sup> Olson Report, page 15.

<sup>50</sup> Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at this time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

<sup>51</sup> Olson Report, page 16.

knew needed to be disclosed to investors – Mr. Beauchamp knew or should have known that his client was committing securities fraud during this time period.

- The Olson Report asserts that “Mr. Beauchamp’s advice regarding, and documentation of, a Forbearance Agreement, was an appropriate approach to provide a framework to resolve the problems with Menaged’s loans.”<sup>52</sup> The Olson Report further asserts that “it was appropriate for Mr. Beauchamp to try and ascertain the facts and determine a course of action before a wholesale and meaningful disclosure to the investors could be made.”<sup>53</sup> However, as detailed in my Expert Report, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including subordinating DenSco’s recovery to the recovery of the other lenders, and had the effect of further delaying and limiting required disclosures to DenSco’s investors. The Forbearance Agreement was entered into as of mid-April 2014, nearly a year after the 2011 POM expired and three months after the Defendants’ undeniably knew that the disclosures contained in the 2011 POM were outdated and contained materially incorrect information and that the 2011 POM omitted material information required to be contained therein. And Mr. Beauchamp knew that his client had committed and was continuing to commit securities fraud during this entire time period.
- The Olson Report asserts that “[i]t was reasonable for Mr. Beauchamp to rely on Mr. Chittick’s description of the timing and extent of the double liening and other issues with Menaged,” based on (among other factors) Mr. Chittick being “a seemingly competent and reasonable client.”<sup>54</sup> However, as described above, Mr. Chittick in fact was not following Mr. Beauchamp’s advice, at least with respect to his advice as to how to fund DenSco’s loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM). Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp’s advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). This knowledge, as well as the series of red flag warnings, should have informed the Defendants’ actions thereafter.
- The Olson Report asserts that “Mr. Beauchamp informed Mr. Chittick [in early January 2014] that Mr. Chittick could not accept new money, or roll over existing investments, unless he informed the investors involved about the Menaged issues,” and that “Mr. Chittick had represented that he was following Mr. Beauchamp’s advice.”<sup>55</sup> The Olson Report further asserts that “[s]o long as the disclosures were being made, the update to the POM was not urgent and it was reasonable to wait to update the POM until the Forbearance Agreement was complete.”<sup>56</sup> However, as described in detail (with eight

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<sup>52</sup> Olson Report, page 20.

<sup>53</sup> Olson Report, pages 21-22.

<sup>54</sup> Olson Report, page 22.

<sup>55</sup> Olson Report, page 24.

<sup>56</sup> Olson Report, page 25.

distinct supporting points) in my Expert Report, it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures.

- The Olson Report appears to attach some significance to the fact that Mr. Chittick may have informed an “advisory council” consisting of “a select group of investors [presumably existing investors] to whom he turned for advice and approval” regarding “the double line issue and proposed workout.”<sup>57</sup> I fail to see any significance to this, even if true. As Mr. Beauchamp knew, Rule 10b-5 and the other disclosure requirements under applicable securities laws relate to the adequacy of the disclosures made to each investor as of the time that such investor makes a commitment to invest. Disclosures made to an advisory council of Noteholders, and any advice or approvals received from such council, are simply not relevant to the issue of whether Mr. Beauchamp’s client was committing securities fraud with respect to any other investors.
- The Olson Report asserts as a factual matter that Mr. Beauchamp informed Mr. Chittick in May 2014 that the Defendants would no longer represent DenSco on securities matters.<sup>58</sup> However, the Olson Report fails to cite to any evidence in support of this factual assertion. As discussed in my Expert Report, there is substantial evidence that the Defendants did not in fact terminate its representation in May 2014.
- The Olson Report asserts that “Mr. Beauchamp’s conduct after Mr. Chittick’s suicide, including helping Mr. Chittick’s sister Shawna to get appointed P.R. of Chittick’s Estate, communicating with investors and coordinating with the Arizona Corporation Commission was a *reasonable* effort to help resolve the problems Mr. Chittick had created.”<sup>59</sup> The Olson Report, however, fails to recognize that the Defendants were prohibited by the applicable Rules of Professional Conduct from undertaking the representation of either DenSco or the Chittick Estate at that time. As discussed in my Expert Report, the Defendants failed to recognize and properly address the conflicts of interest they had (a) in representing DenSco in wind down efforts due to their own interests, and (b) in representing DenSco and the Chittick Estate due to the potential claims that DenSco had against the Chittick Estate. In his deposition, Mr. Olson acknowledged that he was expressing no opinion as to whether there was a conflict of interest, and that he was deferring to Mr. Rhodes as to such issues.<sup>60</sup> As a result, it is unclear what was intended by Mr. Olson’s use of the term “reasonable” in this context, as he expresses no opinion with respect to the Mr. Beauchamp’s compliance with the standard of care after Mr. Chittick’s suicide.

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<sup>57</sup> Olson Report, page 26.

<sup>58</sup> Olson Report, page 27.

<sup>59</sup> Olson Report, page 29 [italics added].

<sup>60</sup> Olson Deposition, page 100, lines 15-22.

#### IV. CONCLUSION

There is nothing in the Rhodes Declaration or the Olson Report, nor in the Defendants' Experts' Depositions, that has caused me to alter any of my opinions in my Expert Report.

\* \* \*

I reserve the right to supplement, update or amend my opinions as new information becomes available or is brought to my attention.



Neil J Wertlieb

June 4, 2019

# Exhibit D

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9  
10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
11 IN AND FOR THE COUNTY OF MARICOPA  
12

13 Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
14 corporation,

15 Plaintiff,

16 vs.

17 Clark Hill PLC, a Michigan limited  
liability company; David G. Beauchamp  
18 and Jane Doe Beauchamp, husband and  
wife,

19 Defendants.  
20

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF  
REBUTTAL EXPERT WITNESS  
REPORT RE DAMAGES**

(Commercial case)

(Assigned to the  
Honorable Daniel Martin)

21  
22 Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as  
23 Receiver of DenSco Investment Corporation, hereby discloses the attached rebuttal  
24 report of David Weekly, Felix Financial Forensics, LLC, which addresses the Expert  
25 Report of David R. Perry, served by Defendants on April 5, 2019.  
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DATED this 7th day of June 2019.

OSBORN MALEDON, P.A.

By Geoffrey M. T. Sturr  
Colin F. Campbell  
Geoffrey M. T. Sturr  
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Original hand-delivered and  
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8095689

**Peter S. Davis, as Receiver of DenSco  
Investment Corporation, an Arizona  
corporation,**

**Plaintiff,**

**v.**

**Clark Hill PLC, a Michigan limited liability  
company; David G. Beauchamp and Jane  
Doe Beauchamp, husband and wife,**

**Defendants.**

**In the Superior Court of the State of Arizona  
In and For the County of Maricopa**

**Case No. CV2017-013832**

***Rebuttal Expert Report of:***

**David B. Weekly  
Fenix Financial Forensics LLC**

**June 5, 2019**



**Peter S. Davis, as Receiver of DenSco Investment Corporation**  
**v.**  
**Clark Hill PLC, et al.**  
**(Case No. CV2017-013832)**

**Rebuttal Expert Report of David B. Weekly**  
**June 5, 2019**

**Introduction**

1. On April 4, 2019, F3 issued the Expert Report of David B. Weekly ("F3 Original Report") in the above referenced matter. The entire F3 Original Report and this Rebuttal Expert Report should be considered collectively.
2. On April 5, 2019, Sterling Group LLC issued the Expert Report of David R. Perry ("Perry Report"). The Perry Report states Mr. Perry was engaged by counsel for Defendants to "perform financial and economic analyses related to (i) the frauds perpetrated by Mr. Menaged, (ii) DenSco's financial situation and (iii) the Receiver's claim for economic damages."<sup>1</sup>

**Scope and Opinions**

3. This Rebuttal Expert Report summarizes the rebuttal opinions of David B. Weekly, a Senior Managing Director for F3. Exhibit A contains a list of documents considered subsequent to the issuance of the F3 Original Report. All other information and statements included in the F3 Original Report should be considered collectively with this Rebuttal Expert Report unless otherwise stated.
4. The Perry Report was prepared prior to the issuance of the F3 Original Report and does not address the F3 Original Report or its calculation of damages. Mr. Perry provides his observations primarily on areas disclosed in various Receiver Status Reports or Plaintiff Disclosure Statements.
5. The Perry report is organized in five main sections: 1) Background, 2) Summary of Main Opinions, 3) Mr. Menaged's Frauds, 4) DenSco's Financial Situation, and 5) Receiver's Economic Damage Claims. Section 2 of the Perry Report ("Summary of Main Opinions") contains a number of observations that are grouped into three categories: "*Mr. Menaged's Frauds*," "*DenSco's Financial Condition*," and "*Receiver's Economic Damage Claims*."<sup>2</sup>
6. Mr. Perry's observations related to Mr. Menaged's Frauds and DenSco's Financial Condition are not relevant to the scope of the F3 Original Report and will not be addressed in this Rebuttal Expert Report. However, if Mr. Perry asserts in any subsequent report or testimony that any of his observations related to Mr. Menaged's Frauds or DenSco's Financial Condition are relevant to F3's opinions or damage calculations, we reserve the right to comment at that time. This Rebuttal Expert Report will address Mr. Perry's three observations related to "*Receiver's Economic Damages Claims*," which are contained in Section 5 of the Perry Report.

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<sup>1</sup> Perry Report, Section 1.2.

<sup>2</sup> Perry Report, Section 2.

## Opinions

- I. The Perry Report incorrectly assumes Plaintiff's disclosure statements contain Plaintiff's claim for economic damages.
- II. The Perry Report's observations of the Receiver's Economic Damages Claims are based on estimates and unsupported assumptions, and Mr. Perry does not provide any definitive alternate calculations.

## Detailed Findings in Support of Opinions

7. Section 5 of the Perry Report contains his findings and observations related to the "Receiver's Economic Damage Claims." F3 will address each subsection of Section 5 in this Rebuttal Expert Report.
8. Mr. Perry's initial statement in Section 5 that the disclosure statement identifies the Receiver's economic damage claims is wrong. All of Plaintiff's five disclosure statements contain similar remarks regarding damages: "***The Receiver will rely on expert testimony to testify about damages*** DenSco suffered as a result of Defendants' conduct. The Receiver has previously disclosed to Defendants' counsel the following ***preliminary information relating to damages*** and prejudgment interest." (emphasis added) The Receiver's disclosure statements do not contain Plaintiff's damage claims. Plaintiff's claim for damages is contained in the F3 Original Report.

### **Perry Report Section 5.1 – January 2014 Relationship Termination**

9. In this subsection, Mr. Perry states "Even if it is assumed that Defendants would have been able to persuade Mr. Chittick to sever DenSco's relationship with Mr. Menaged in the first week of January 2014, the First Fraud had already been completed and the Second Fraud had already started by this time." He then states that the Receiver's economic damage claim is overstated because it fails to deduct \$17.7 million in losses that Mr. Perry "estimated" DenSco would have realized if DenSco terminated its relationship with Mr. Menaged in January 2014.
10. While we agree the assumptions used to determine the period for calculating damages will impact the results, Mr. Perry's observation is incorrect because the Receiver's reported \$43,155,342 of damage components is not the Plaintiff's claim for damages. The F3 Original Report calculates Plaintiff's damages based on net loan losses for Workout Loans originated after September 30, 2013 and Non-Workout Loans beginning January 22, 2014. As a result, the F3 Original Report does not include the actual Workout Loan losses on loans to Menaged that originated prior to October 1, 2013. Therefore, Mr. Perry's conceptual argument for his estimated loan loss of \$17.7 million has already been addressed in F3's damage calculation.
11. In addition, Mr. Perry's \$17.7 million loss "estimate" is incomplete and speculative because: 1) his calculations are based on assumed second lien positions and assumed market values where the sale occurred after January 9, 2014<sup>3</sup>, 2) he has not demonstrated these values would have been known

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<sup>3</sup> For these 72 properties, Mr. Perry's assumed market value is based on a date averaging 4.44 months past January 9, 2014.

or knowable as of January 9, 2014, 3) he made no adjustment for loans where DenSco may have been in a first lien position, and 4) he states, "Sterling has insufficient information on the 204 properties underlying DenSco's loans to Mr. Menaged as of January 9, 2014 to accurately quantify the effect on DenSco's net worth if DenSco had stopped doing business with Mr. Menaged on January 9, 2014."<sup>4</sup>

12. Mr. Perry claims that the alleged economic damage claims in the Receiver's disclosure statement are overstated because the Receiver failed to offset his alleged damage claims for estimated loan losses prior to January 9, 2014. However, he does not offer an alternative calculation of alleged damages. Section 5.1 of the Perry Report implies the adjusted damage claim in the Receiver's disclosure statement should be \$25,444,340 (i.e. \$43,155,342 less \$17,711,002). While I disagree with Mr. Perry's methodology and calculations, I note this amount is close to the \$24,713,219 in net loan loss damages calculated in the F3 Original Report.

13. The Perry Report contains no discussion of DenSco's losses related to Non-Workout Loans. Mr. Perry offers no opinion or calculation of what amount of Non-Workout Loan losses DenSco incurred as a result of Defendants' alleged actions, should Defendants be found liable. The F3 Original Report quantified this amount as \$24,436,100.<sup>5</sup>

#### **Perry Report Section 5.2 – Net Loss from Frauds**

14. Section 5.2 of the Perry Report discusses the settlement the Receiver reached with Menaged resulting in a nondischargeable civil judgment of \$31 million against Menaged. Mr. Perry states, "Based on the above, the Receiver determined in 2017 that DenSco's net loss from Mr. Menaged's fraudulent activities was approximately \$31 million. Accordingly, the upper limit of the Receiver's claims related to actions that allegedly would have prevented DenSco from suffering losses related to Mr. Menaged's frauds should be \$31 million." This assertion is wrong.

15. The Receiver initially sought a judicial determination of at least \$47.2 million against Menaged. The Receiver's analysis to determine the \$31 million was used for the purpose of obtaining a negotiated settlement with Menaged and this amount is not referred to in the Settlement Agreement as DenSco's damages. The settlement amount was determined by deducting the entire amount of interest Menaged paid to DenSco beginning in 2007 against the Receiver's calculation of the final outstanding loan balance due from Menaged in 2016.

#### **Perry Report Section 5.3 – Net Loss by Investors**

16. Section 5.3 of the Perry Report refers to the Receiver's discussion of investor losses contained in his December 2016 Status Report and distributions made by the Receiver to DenSco's investors/creditors as of March 11, 2019. The Perry Report states, "The net investment loss is \$24.9 million based on the distributions so far and will be reduced further by future distributions."<sup>6</sup> F3 was not asked to analyze or determine the net investment loss suffered by DenSco's investors. Mr. Perry fails to provide any definitive calculations related to his observations.

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<sup>4</sup> Perry Report, Section 4.4.4, p. 26.

<sup>5</sup> F3 Original Report, Table 1. This amount is included in the total net loan losses of \$24,713,219.

<sup>6</sup> Perry Report, Section 5.3.

**Perry Report Section 5.4 – Potential Future Distributions/Recoveries**

17. Section 5.4 of the Perry Report refers to potential future recoveries from several individuals and entities including: 1) Mr. Menaged and his bankruptcy estate, 2) Mr. Chittick's estate, 3) Net investment winners from the Ponzi scheme, 4) Banks involved in the cashier's check scheme, 5) Active Funding Group ("AFG"), and 6) One DenSco borrower other than Mr. Menaged.
18. Mr. Perry states that any damage claim should subtract some, if not all, of the expected future distributions and/or recoveries from individuals other than Defendants. However, he makes no attempt to analyze or quantify any of these amounts. F3's damage calculation was reduced by the amount of net Menaged-related recoveries received to date.<sup>7</sup> Paragraph 47 of the F3 Original Report states that we understand that potential settlements and claims against other parties could impact the damages F3 has computed, and that we would amend the F3 Original Report for any net recoveries or other costs and expenses that may impact our calculations.

**Perry Report Section 5.5 – Non-Parties at Fault**

19. Section 5.5 of the Perry Report states, "Sterling understands an appropriate damage award against Defendants, if any, should take account of the relative contribution of all individuals and entities."<sup>8</sup> Mr. Perry also states that the alleged economic damage claims in the Receiver's disclosure statement fails to include an offset for the relative contribution of individuals and entities other than Defendants. Again, the Receiver's disclosure statement information is not the Plaintiff's damages claim, and Mr. Perry provides no definitive or alternate calculation of what amount, if any, he believes should be offset against damages for the relative contributions of other individuals and entities other than the Defendants.

**Perry Report Section 5.6 – Workout Loan Balances**

20. F3's findings related to Mr. Perry's \$17.7 million estimate are discussed previously in this report. The F3 Original Report calculates DenSco's net loan losses associated with Workout Loans after September 30, 2013 of \$69,123<sup>9</sup> and properly excludes losses incurred by DenSco which resulted from Workout Loans originated prior to October 1, 2013.

**Perry Report Section 5.7 – Prejudgment Interest**

21. Mr. Perry claims the economic damages resulting from the Alleged Actions identified in the disclosure statement are not liquidated or a sum certain. Mr. Perry implies that prejudgment interest is not applicable. His observations in this section relate only to his assertion that the Receiver's disclosure statements are the Plaintiff's damage claims. This is an incorrect assertion because F3's Original Report contains the Plaintiff's damage claims.

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<sup>7</sup> F3 Original Report, Table 1.

<sup>8</sup> Perry Report, Section 5.5.

<sup>9</sup> F3 Original Report, Table 1.

22. F3 calculated DenSco's actual loan losses related to Workout Loans for transactions where the economic damages occurred after September 30, 2013. Loan loss damages for Workout Loans represent cash paid by DenSco to resolve their Menaged loan shortfalls ("Cash Out") less payments made by Menaged to DenSco on these loans ("Cash In"). Loan losses related to Non-Workout Loans beginning January 22, 2014 were also calculated by determining the total "Cash Out" minus "Cash In". These amounts were determined using Receiver Reports, loan activity schedules prepared by the Receiver's staff, DenSco's QuickBooks file, DenSco's bank account statements, Chittick's corporate journal and relevant communications from emails produced by Chittick and Menaged.
23. Professional guidance published by the American Institute of Certified Public Accountants (AICPA) related to prejudgment interest states, "Claims may be liquidated or unliquidated. A claim is liquidated if its specific dollar amount is known. A claim is unliquidated if the exact amount owed has not been determined."<sup>10</sup> The F3 Original Report identifies the specific amount of DenSco's Menaged-related cash net loan loss and applied all known Menaged-related offsets. The F3 Original Report calculates prejudgment interest on the amount of net loan losses based on time periods and interest rates provided by Counsel.<sup>11</sup>

**Perry Report Section 5.8 – Receiver's Economic Damage Claims Summary**

24. F3's findings and opinions related to the statements in this section of the Perry Report have been addressed throughout this Rebuttal Expert Report. The following is a summary of F3's findings.
- ***The economic damage claims in the Receiver's disclosure statement are substantially overstated for several reasons:*** The Receiver's disclosure statements do not contain the Receiver's claim for damages. The Receiver stated on multiple occasions that his damages would be quantified and testified to by an expert. F3 calculated loan loss damages based on actual cash losses that properly excluded Workout Loan losses occurring prior to October 1, 2013 and offset by recoveries to date.
  - ***The economic damages resulting from the Alleged Actions, if any, are not liquidated or a sum certain:*** F3 calculated DenSco's actual "Net Loan Losses" on a "Cash Out/Cash In" basis as described in the F3 Original Report. All known Menaged-related offsets have been applied. These calculated net loan losses represent a liquidated amount.
  - ***Numerous assumptions are needed to estimate how, if at all, the losses suffered by DenSco and/or its investors would have differed from the realized amounts if Defendants had acted differently:*** The F3 Original Report calculates damages based on actual cash losses suffered by DenSco during the stated damage period and does not rely on estimates of loan losses that would have occurred prior to the damage period. In addition, Mr. Perry has not provided any definitive alternate damages calculation that could clarify this observation.

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<sup>10</sup> AICPA Forensic & Valuation Services Practice Aid, *Calculating Lost Profits*, paragraph 101.

<sup>11</sup> F3 Original Report, Exhibit F.

**Other Matters**

25. This Rebuttal Expert Report is based on information provided to F3 as of the date of this report. We reserve the right to modify or supplement this report should additional information become available to us or if we are requested to perform additional tasks including, but not limited to updated recoveries reduced by costs and expenses, updated calculations of prejudgment interest, analyses performed as a result of the production of additional documents, or matters related to additional discovery. In addition, F3 may prepare illustrative or demonstrative exhibits for use during testimony from the information contained in this report, the F3 Original Report, any supplemental reports, our work papers, or the documents considered.
26. The report has been prepared only for the purposes stated herein and shall not be used for any other purpose. Neither this report nor any portions thereof shall be disseminated to third parties by any means without the prior written consent and approval of F3.

Respectfully submitted,



David B. Weekly  
Senior Managing Director  
Fenix Financial Forensics LLC

**List of Documents Considered Subsequent to the Issuance of the F3 Original Report**

1. Defendants' Disclosure of Expert Witness David Perry including the Expert Report of David R. Perry dated April 5, 2019
2. AICPA Forensic & Valuation Services Practice Aid – Calculating Lost Profits
3. Menaged Interest Income Analysis.xlsx
4. Menaged Loan Bal per Receiver's 12 22 17 Status Report.xlsx
5. Analysis of Menaged Loans as of 01.09.14 - Priority Lien Calcs.xlsx
6. Petition for Order Approving Settlement Agreement with Yomtov Scott Menaged and Francine Menaged

# Exhibit E



Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
1.	7/01/11	E-mail exchange between D. Chittick and D. Beauchamp	BC 000005 – 000009
2.	7/18/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC 000086 – 000087
3.	7/31/08	E-mail exchanges between D. Beauchamp and D. Chittick	BC_000096 – 000098
4.	8/04/08	E-mail exchange between D. Beauchamp and D. Chittick	BC_000100 – 000101
5.	7/30/11	E-mail exchange between D. Chittick and DenSco Investors	BC 000111
6.	10/01/08	E-mail exchange between D. Beauchamp and D. Chittick	BC_000112 – 000113
7.	8/10/11	E-mail exchange between D. Chittick and rpc@quarles.com	BC 000121
8.	7/08/09	E-mail exchange between L. Bliven and D. Chittick	BC_000796; 000797 – 000865
9.	7/09/09	E-mail exchange between L. Bliven and D. Chittick	BC_000934 – 001005
10.	7/09/09	E-mail exchange between L. Bliven and D. Chittick	BC_001006 – 001009
11.	7/09/09	E-mail exchanges between L. Bliven and D. Chittick	BC_001010 – 001014
12.	7/10/09	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001015 – 001019
13.	7/10/09	E-mail exchange between L. Bliven and D. Chittick	BC_001027 – 001095
14.	2/01/10	E-mail exchange from D. Chittick to D. Beauchamp	BC_001176
15.	6/21/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001177 - 001178
16.	6/25/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001194 – 001195
17.	6/30/10	E-mail exchange between D. Chittick and DenSco investors	BC_001198
18.	7/02/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001206 – 001208
19.	7/07/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001209 – 001210
20.	7/19/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001215 – 001217
21.	7/20/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001218 – 001223
22.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001224 – 001228
23.	7/21/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001229 – 001231
24.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001232 – 001238
25.	7/22/10	E-mail exchanges between D. Beauchamp, D. Chittick, and L. Miller	BC_001239 – 001248
26.	7/22/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001249 – 001252
27.	7/23/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001253 – 001257
28.	7/23/10	E-mail exchanges between D. Beauchamp, D. Chittick, R. Wang	BC_001258 – 001259
29.	7/23/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001260 – 001261

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 File No. 15698.3

Proposed Trial Exhibits

<b>Exhibit Number</b>	<b>Document Date</b>	<b>Description</b>	<b>Bates No.</b>
30.	7/27/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001262 – 001263
31.	8/03/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001265
32.	8/16/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001266 – 001267
33.	9/07/10	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001268 – 001269
34.	9/07/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001270
35.	9/30/10	E-mail exchanges between D. Beauchamp, D. Chittick, and DenSco Investors	BC_001273 – 001274
36.	12/25/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001303 – 001304
37.	1/25/11	E-mail exchange between D. Chittick and DenSco investors	BC_001305
38.	3/03/11	E-mail exchange between D. Chittick and D. Beauchamp	BC_001306
39.	3/11/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001310 – 001312
40.	4/11/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001327 – 001329
41.	4/20/11	E-mail exchange between D. Chittick and DenSco investors	BC_001333
42.	5/25/11	E-mail exchange between G. Schneider and D. Chittick	BC_001395 – 001465
43.	6/11/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001473 – 001613
44.	6/15/11	E-mail exchange between G. Schneider and D. Chittick	BC 001635 – 001775
45.	6/20/11	E-mail exchange between G. Schneider and D. Chittick	BC 001788 – 001791
46.	9/16/11	E-mail exchanges between D. Beauchamp and D. Dahlberg	BC 001798 – 001804
47.	9/16/11	E-mail exchanges between D. Beauchamp and G. Jewett	BC 001805 – 001807
48.	9/23/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001817 – 001819
49.	9/30/11	E-mail exchange between D. Chittick and DenSco investors	BC 001828
50.	9/10/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001829 – 001830
51.	9/15/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001831 – 001835
52.	10/05/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001836 – 001837
53.	10/06/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001838 – 001839
54.	12/11/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001856
55.	3/08/12	E-mail exchange between D. Beauchamp and Evite	BC 001859 – 001860
56.	5/25/12	E-mail exchanges between T. Kellett, D. Beauchamp, and D. Chittick	BC 001863 – 001865
57.	6/28/12	E-mail exchange between D. Beauchamp and D. Chittick	BC 001866 – 001868
58.	6/28/12	E-mail exchange between D. Chittick and D. Beauchamp	BC 001869 – 001872

Proposed Trial Exhibits

<b>Exhibit Number</b>	<b>Document Date</b>	<b>Description</b>	<b>Bates No.</b>
59.	8/07/12	E-mail exchange between D. Beauchamp and D. Chittick	BC 001878 – 001880
60.	1/08/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001886 – 001887
61.	3/25/13	E-mail exchange between First Legal Network and D. Beauchamp re	BC 001892 – 001905
62.	3/17/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001906
63.	3/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	BC 001908 – 001909
64.	4/12/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001911 – 001912
65.	4/11/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001913 – 001914
66.	4/12/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001925 – 001929
67.	4/04/13	Confidential Settlement Agreement and Release draft	BC 001936 – 001939
68.	4/04/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001940
69.	6/17/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001959 – 001960
70.	6/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	BC 001961 – 001962
71.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001965
72.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001966 – 001967
73.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001968 – 001978
74.	7/19/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 002013
75.	8/30/13	E-mail exchange between T. Daniels and D. Chittick	BC 002021 – 002025
76.	7/01/09	DenSco Confidential Private Offering Memorandum	BC 002357 - 002424
77.	7/18/11	DenSco Investment Corporation Officer's Certificate	BC 002906 – 002911
78.	7/01/11	DenSco Confidential Private Offering Memorandum	BC 002912 - 002981
79.	9/22/11	Bryan Cave bill issued to DenSco	BC 003053 – 003058
80.	10/11/11	Bryan Cave bill issued to DenSco	BC 003059 – 003064
81.	11/10/11	Bryan Cave bill issued to DenSco	BC 003065 – 003067
82.	7/17/12	Bryan Cave bill issued to DenSco	BC 003068 – 003070
83.	9/19/12	Bryan Cave bill issued to DenSco	BC 003071 – 003073
84.	5/07/13	Bryan Cave bill issued to DenSco	BC 003074 – 003077
85.	6/17/13	Bryan Cave bill issued to DenSco	BC 003078 – 003080
86.	7/23/13	Bryan Cave bill issued to DenSco	BC 003081 – 003086
87.	8/14/13	Bryan Cave bill issued to DenSco	BC 003087 - 003090

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Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
88.	9/24/13	Bryan Cave bill issued to DenSco	BC 003091 – 003093
89.	6/16/08	Bryan Cave bill issued to DenSco	BC_003094 – 003097
90.	7/21/08	Bryan Cave bill issued to DenSco	BC_003098 – 003100
91.	8/08/08	Bryan Cave bill issued to DenSco	BC_003101 – 003103
92.	7/14/09	Bryan Cave bills issued to DenSco	BC_003104 – 003109
93.	8/12/09	Bryan Cave bill issued to DenSco	BC_003110 – 003113
94.	10/12/09	Bryan Cave bill issued to DenSco	BC_003114 – 003116
95.	11/18/09	Bryan Cave bill issued to DenSco	BC_003117 – 003119
96.	1/22/10	Bryan Cave bill issued to DenSco	BC_003120 – 003122
97.	2/18/10	Bryan Cave bill issued to DenSco	BC_003123 – 003125
98.	3/12/10	Bryan Cave bill issued to DenSco	BC_003126 – 003128
99.	6/20/10	Bryan Cave bill issued to DenSco	BC_003129 – 003131
100.	6/20/10	Bryan Cave bill issued to DenSco	BC_003132 – 003134
101.	7/14/10	Bryan Cave bills issued to DenSco	BC_003135 – 003142
102.	8/13/10	Bryan Cave bills issued to DenSco	BC_003143 – 003150
103.	9/15/10	Bryan Cave bill issued to DenSco	BC_003151 – 003153
104.	10/13/10	Bryan Cave bill issued to DenSco	BC_003154 - 003156
105.	4/27/11	Bryan Cave bill issued to DenSco	BC_003157 – 003159
106.	5/24/11	Bryan Cave bill issued to DenSco	BC_003160 – 003166
107.	6/17/11	Bryan Cave bill issued to DenSco	BC 003167 – 003173
108.	7/26/11	Bryan Cave bill issued to DenSco	BC 003174 – 003180
109.	8/23/11	Bryan Cave bill issued to DenSco	BC 003181 – 003183
110.	5/03/11	Letter fom D. Beauchamp to D. Chittick	BC_003184 – 003188
111.	6/01/13	Voice mail message (Wav.file)	BC_003189
112.	4/18/14	E-mail exchange between D. Schenck and D. Chittick	CH 0000007
113.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000008 – 0000013
114.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000027; CH 0000028 – 0000045
115.	1/21/14	E-mail exchange between D. Beauchamp and D. Schenck	CH_0000046; CH 0000047 – 0000049

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116.	2/06/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000212 – 0000227
117.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000235 – 0000236
118.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000245; CH 0000246 – 0000265
119.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000266 – 0000267
120.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000270 – 0000275
121.	2/07/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000368 – 0000376
122.	5/23/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0000513 - 0000523
123.	12/18/13	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000636
124.	12/18/13	E-mail from D. Chittick to D. Beauchamp	CH 0000708
125.	12/18/13	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000709 – 0000710
126.	9/12/13	E-mail from D. Beauchamp to D. Chittick	CH 0000803 – 0000810
127.	9/12/13	E-mail from D. Chittick to D. Beauchamp	CH_0000816 – 0000818 DIC0008653 – 0008656
128.	1/06/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000828 – 0000848
129.	1/06/14	E-mail exchange between D. Beauchamp, D. Chittick, D. Schenck	CH 0000849 – 0000850
130.	1/05/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000852 – 0000853
131.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000914
132.	1/16/14	E-mail exchange between D. Schenck, D. Chittick and D. Beauchamp	CH 0000956 - 0000968
133.	1/16/14	E-mail exchange between D. Beauchamp, D. Chittick, and D. Schenck	CH 0001015 – 0001021
134.	9/12/13	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0001087 – 0001091
135.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001129 – 0001135
136.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001136
137.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick re Term Sheet	CH 0001176 – 0001182
138.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001224 – 0001228
139.	1/15/14	E-mail exchange between D. Schenck and D. Beauchamp	CH 0001392; CH 0001393 – 0001397
140.	1/21/14	E-mail exchange between D. Chittick and D. Schenck	CH 0001410 – 0001418
141.	1/22/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0001433 – 0001434
142.	1/17/14	E-mail exchange between D. Beauchamp and R. Anderson	CH 0001445 – 0001465
143.	1/09/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001494 – 0001495

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144.	1/09/14	E-mail exchange between D. Beauchamp, D. Chittick, T. Daniels	CH 0001496 – 0001499
145.	1/09/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001502 – 0001503
146.	1/07/14	E-mail from D. Chittick to D. Beauchamp, S. Menaged	CH 0001506 – 0001523
147.	1/14/14	E-mail exchange between L. Stringer and D. Beauchamp	CH 0001574 – 0001575
148.	1/31/14	E-mail exchange D. Chittick and S. Menaged; D. Chittick and D. Beauchamp	CH 0001595
149.	1/28/14	E-mail exchange D. Schenck, R. Anderson and D. Beauchamp with attach.	CH 0001606 – 0001618
150.	1/23/14	E-mail exchange between D. Beauchamp and D. Schenck with attach.	CH 0001632 – 0001644
151.	1/23/14	E-mail exchange between D. Beauchamp, R. Anderson and D. Schenck with attachment.	CH_0001645 – 0001654
152.	1/24/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001672 – 0001686
153.	1/29/14	E-mail exchanges between D. Chittick and S. Menaged; and D. Beauchamp	CH 0001689
154.	2/05/14	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0001696
155.	2/05/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001726
156.	2/04/14	E-mail between D. Beauchamp and D. Chittick	CH 0001758
157.	2/04/14	E-mail scan between D. Beauchamp and D. Schenck	CH 0001787 – CH 0001803
158.	2/04/14	E-mail between D. Chittick, S. Menaged and cc: D. Beauchamp with attach.	CH 0001807 – 0001815
159.	2/04/14	E-mail between D. Beauchamp and D. Chittick	CH 0001819 – 0001835
160.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0001928 – 0000962
161.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002014
162.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002017 – 0002021
163.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002024 – 0002032
164.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002042
165.	2/07/14	E-mail exchange between J. Goulder and D. Beauchamp	CH 0002045 – 0002079
166.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002080 – 0002132
167.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002203; 00002220
168.	2/20/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0002308 – 0002317
169.	2/27/14	E-mail exchange between D. Beauchamp and R. Anderson	CH 0002321 – 0002322
170.	2/27/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0002331
171.	2/28/14	E-mail exchange between R. Anderson and D. Beauchamp	CH 0002338 – 0002340

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172.	2/25/14	E-mail exchange between D. Beauchamp and J. Goulder	CH_0002346; CH_0002347 – 0002363; CH_0002364 – 0002379
173.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002380 – 0002383
174.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002405
175.	2/13/14	E-mail exchange between D. Beauchamp, J. Goulder, D. Chittick, S. Menaged	CH_0002465; CH_0002466 – 0002481; CH_0002482 – 0002498
176.	2/13/14	E-mail between D. Beauchamp, D. Chittick and S. Menaged	CH_0002503
177.	2/13/14	E-mail between D. Schenck, D. Beauchamp	CH_0002507; CH_0002508 – 0002523; CH_0002524 – 0002540
178.	3/12/14	E-mail exchange between L. Stringer and D. Chittick	CH_0002591; CH_0002592 – 0002608
179.	3/12/14	E-mail exchange between L. Stringer and D. Chittick	CH_0002611; CH_0002612 – 0002629
180.	3/14/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH_0002673 – 0002680
181.	3/17/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002739; CH_0002740 – 0002774
182.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002825 – 0002827
183.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002887; CH_0002888 – 0002923
184.	3/05/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002935 – 0002937
185.	03/07/14	E-mail exchange between L. Stringer, D. Chittick and cc D. Beauchamp	CH_0002938; CH_0002939 – 0002973
186.	3/2/14	E-mail between D. Beauchamp, K. Beauchamp and D. Chittick	CH_0002974
187.	3/04/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002975 – 0002977
188.	3/06/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002978 – 0002981
189.	3/26/14	E-mail exchange between D. Schenck, D. Chittick and CC D. Beauchamp	CH_0002988 – 0003105
190.	3/31/14	E-mail exchange D. Schenck and D. Beauchamp with attach.	CH_0003147 – 0003304
191.	3/31/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003305 – 0003311
192.	3/24/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003609 – 0003627
193.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003696; CH_0003697 – 0003714
194.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003715
195.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003716
196.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003741
197.	3/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003746; CH_0003747 – 0003782
198.	3/31/14	Attachment to E-Mail	CH_0003784 - 0003801

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199.	4/02/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003869 – 0003871
200.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003876 – 0003878
201.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003879 – 0003882; 0003883 – 0003893
202.	4/03/14	E-mail exchange between D. Schenck and D. Beauchamp with attach.	CH 0003895 – 0004075
203.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004076 – 0004081
204.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004082 – 0004086
205.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004087 – 0004093
206.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004094 – 0004099
207.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004100 – 0004105
208.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004106 – 0004110
209.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004117 – 0004201
210.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004202 – 0004203
211.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004204 – 0004205
212.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004206 – 0004208
213.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004209 - 0004211
214.	4/03/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0004212 - 0004313
215.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004241 – 0004244; 0004245 – 0004247
216.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004248 – 0004252
217.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004253 – 0004256
218.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004257 – 0004259
219.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004260
220.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004278 – 0004280
221.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004281
222.	4/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004286
223.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004294 - 0004314
224.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004315 – 0004318
225.	4/23/14	E-mail exchange between Gary Thompson and D. Chittick	CH 0004319 – 0004321



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226.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004322
227.	4/24/14	Letter from D. Beauchamp to D. Chittick with invoices	CH 0004324 – 0004332
228.	4/21/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004409 – 0004411
229.	4/22/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004414
230.	4/09/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004416 – 0004417
231.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004421 – 0004442
232.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004443 – 0004452
233.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004453 – 0004474
234.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004475 – 0004495
235.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004496 – 0004520
236.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004666 – 0004681
237.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004682 – 0004712
238.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004713 – 0004744
239.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004789 – 0004790
240.	4/11/14	E-mail exchange between D. Schenck and D. Beauchamp	CH 0004879 – 0004880
241.	4/13/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004886
242.	4/11/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004889
243.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004915 – 0004921
244.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004922 – 0004927
245.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004929
246.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004931
247.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004960 – 0004967
248.	5/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005126
249.	5/23/14	Letter from D. Beauchamp to D. Chittick	CH 0005146 – 0005156
250.	5/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005160
251.	6/25/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0005221 – 0005226
252.	7/16/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0005263 - 0005265
253.	8/20/14	Letter from D. Beauchamp and D. Chittick with enclosed invoices	CH 0005289 – 0005291
254.	9/12/13	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0005451 – 0005453

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255.	12/18/13	E-mail from D. Beauchamp to L. Stringer	CH 0005474
256.	1/06/14	E-mail exchange between D. Beauchamp and L. Stringer	CH_0005550 CH 0005551
257.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005728
258.	1/17/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0005790 – 0005807
259.	1/09/14	E-mail from D. Beauchamp to L. Stringer	CH 0005916 – 0005920
260.	5/13/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0006376 – 0006379
261.	4/27/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH 0006381 – 0006383
262.	2/05/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0006655
263.	2/04/14	E-mail between D. Beauchamp, D. Schenck with draft forbearance agreement	CH 0006694 – 0006708
264.	3/07/14	E-mail exchange between R. Anderson and D. Beauchamp	CH 0007183 – 0007186
265.	3/19/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0007296 – 0007298
266.	10/20/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008016
267.	10/20/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0008016 – 0008019
268.	9/26/16	E-mail exchanges between R. Anderson, D. Beauchamp, K. Merritt and J. Polese	CH 0008020 – 0008024
269.	12/22/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008025 – 0008026
270.	12/22/16	E-mail exchange between R. Anderson and D. Beauchamp	CH_0008027
271.	10/20/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008028 – 0008031
272.	9/15/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008032 – 0008045
273.	8/30/16	E-mail exchanges between R. Anderson, J. Polese, and D. Beauchamp	CH 0008046 – 0008047
274.	8/29/16	E-mail exchanges between J. Polese, R. Anderson, D. Beauchamp	CH 0008052 – 0008053
275.	8/29/16	E-mail exchanges between R. Anderson, J. Polese, and D. Beauchamp	CH 0008067 – 0008081
276.	8/27/16	E-mail exchange between M. Tetreault to D. Beauchamp	CH 0008085 – 0008087
277.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	CH 0008320 – 0008343
278.	8/23/16	E-mail exchange between R. Anderson, J. Polese, and K. Merritt	CH 0008361 – 0008369
279.	8/22/16	E-mail exchange between D. Beauchamp and R. Anderson	CH 0008413 – 0008419
280.	8/21/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH 0008434 – 0008437
281.	8/21/16	E-mail exchanges between D. Beauchamp and R. Brinkman	CH 0008442 – 0008444
282.	8/21/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH 0008445 – 0008448

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283.	8/20/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008465 – 0008470
284.	8/20/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH_0008472 – 0008474
285.	8/20/16	E-mail exchange between R. Anderson, D. Beauchamp	CH_0008475 - 0008479
286.	8/19/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008492 – 0008493
287.	8/19/16	E-mail exchanges between D. Beauchamp and K. Johnson	CH_0008495 – 0008496
288.	7/22/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH_0008940 – 0008942
289.	6/15/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH_0008985 – 0008987
290.	8/12/16	E-mail exchange between P. Meloserdoff, W. Coy, G. Clapper	CH 0009027 – 0009030
291.	8/11/16	E-mail from R. Brinkman to D. Beauchamp & S. Swinson w/ attachment	CH 0009095 – 0009096
292.	8/10/16	E-mail from D. Beauchamp to S. Schloz & T. Byrne	CH 0009129 – 0009134
293.	8/10/16	Beauchamp letter to W.Coy	CH 000915 – 0009196
294.	8/10/16	E-mail from L. Grove to W. Coy & D. Beauchamp w/ attached letter	CH 0009197 – 0009199
295.	8/10/16	E-mail exchange between M. Tran & D. Beauchamp and attached letter from S. Swinson	CH_0009219 – 0009222
296.	8/8/16	E-mail from D. Beauchamp to DenSco investors	CH 0009351 – 0009358
297.	8/7/16	E-mail exchange between B. Imdeike & D. Beauchamp	CH 0009474 – 0009477
298.	8/04/16	E-mail exchange between W. Coy and D. Beauchamp	CH 0009714 – 0009715
299.	1/09/14	E-mail from D. Schenck to D. Beauchamp, L. Stringer	CH 0009889
300.	2/15/14	E-mail between D. Chittick and D. Beauchamp	CH 0009952
301.	2/15/14	E-mail between D. Beauchamp and D. Chittick	CH 0009955
302.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0009968
303.	4/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0010000
304.	1/06/14	Calendar entry	CH 0010087
305.	8/06/16	E-mail exchange between D. Beauchamp and D. Chittick	CH 0010219
306.	8/03/16	Letters of Appointment of Personal Representative and Acceptance	CH 0010225 – 0010226
307.	8/4/16	Letters of Appointment of Personal Representative and Acceptance of Appointment as Personal Representative	CH_0010225 – 0010226
308.	8/10/16	E-mail from S. Tran to S. Swinson, R. Brinkman, D. Beauchamp	CH 0010228 – 0010229
309.	12/24/13	E-mail exchanges between D. Beauchamp, D. Chittick, D. Schenck	CH 0010243 – 0010244
310.	8/3/16	E-mail exchange between D. Beauchamp and K. Johnson	CH 0010340 – 0010341
311.	8/3/16	E-mail from G. Clapper to D. Beauchamp	CH 0010343

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312.	9/23/16	E-mail exchanges between R. Anderson, K. Merritt, and J. Polese	CH 0010345 – 0010348
313.	9/23/16	E-mail exchanges between K. Merritt, R. Anderson and J. Polese	CH 0010349 – 0010352
314.	9/16/16	E-mail exchange between R. Anderson and J. Polese	CH 0010357 – 0010359
315.	9/15/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH 0010364
316.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010467
317.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010468
318.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010469
319.	8/30/16	E-mail exchange between R. Anderson and J. Polese	CH 0010474 – 0010483
320.	2/05/14	D. Schenck message re scanned image	CH 0011140
321.	2/05/14	E-mail scan between D. Beauchamp and S. Schenck	CH 0011141 – 0011145
322.	3/31/14	E-mail exchange D. Schenck and D. Beauchamp	CH 0012295
323.	2/17/14	R. Anderson Appointment	CH 0013387
324.	2/20/14	R. Anderson Appointment	CH 0013388
325.	1/29/14	Calendar Appointment R. Anderson	CH 0013389
326.	2/12/14	R. Anderson Appointment	CH 0013390
327.	1/31/14	Calendar Appointment R. Anderson	CH 0013391
328.	3/04/14	Calendar Appointment R. Anderson	CH 0013392
329.	2/23/15	R. Anderson message to self	CH 0013393
330.	UNDATED	Preliminary Legal Closing Checklist form	CH_0013481 - 0013483
331.	UNDATED	Preliminary Legal Closing Checklist form	CH_0013484 - 0013487
332.	8/17/16	E-mail exchange between D. Beauchamp, K. Merritt and J. Polese Beauchamp Declaration	CH_0014215 - 0014217
333.	8/17/16	E-mail exchange between K. Merritt, D. Beauchamp and J. Polese	CH_0014225 – 0014227
334.	7/31/16	E-mail exchange between D. Beauchamp and R. Koehler	CH 0014460 – 0014461
335.	8/8/16	E-mail exchange between S. Heuer, D. Beauchamp & P. Erbland	CH 0014535 – 0014537
336.	8/7/16	E-mail exchange between B. Imdeike, D. Beauchamp & S. Heuer	CH 0014548 – 0014549
337.	8/8/16	E-mail from D. Beauchamp to S. Heuer	CH 00145538 – 0014542
338.	8/5/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014569 - 0014571
339.	8/5/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014572 – 0014575
340.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014603 – 0014605
341.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014606 – 0014608

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342.	8/3/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014611 – 0014613
343.	8/3/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014619 – 0014620
344.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014622 – 0014623
345.	8/3/16	E-mail exchange between S. Heuer and D. Beauchamp	CH 0014625
346.	8/2/16	E-mail exchange between S. Heuer and D. Beauchamp	CH 0014628 – 0014629
347.	8/1/16	E-mail from S. Heuer to D. Beauchamp	CH 0014634 - 0014641
348.	8/2/16	Calendar Appointment D. Beauchamp	CH 0014775
349.	8/3/16	E-mail exchange between R. Koehler and D. Beauchamp	CH 0014851 – 0014583
350.	8/5/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0015050
351.	5/04/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000155 – 000156
352.	5/13/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000164 – 000166
353.	6/07/10	E-mail exchange between D. Chittick, R. Koehler, S. Gould	CHIT000176 – 000177
354.	6/14/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000178 – 000179
355.	6/14/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000183 – 000186
356.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	CHIT000244 – 000247
357.	3/13/15	E-mail exchange between D. Chittick and S. Menaged	CHIT001879 – 001880
358.	3/13/15	E-mail exchange between D. Chittick and S. Menaged	CHIT001885 – 001886
359.	6/14/13	E-mail from S. Menaged to D. Beauchamp, D. Chittick	DIC0000053 – 0000054
360.	6/14/13	E-mail from D. Chittick to D. Beauchamp	DIC0000055 – 0000069
361.	5/09/08	E-mail exchange between D. Beauchamp and L. Miller	DIC0000109
362.	3/31/10	Printed excerpt from DenSco website	DIC0000521 – 0000522
363.	9/30/11	Printed excerpt from DenSco website	DIC0000554 – 0000556
364.	12/31/08	Printed excerpt from DenSco website	DIC0000557 – 0000559
365.	9/28/07	E-mail exchange between D. Beauchamp and Joanne Odze	DIC0000560 – 0000562
366.	7/05/05	Printed excerpts from DenSco website	DIC0000563 – 0000592
367.	6/27/08	E-mail exchange between D. Chittick, D. Beauchamp and DenSco Investors	DIC0000609
368.	5/21/08	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000615
369.	5/05/08	E-mail exchanges between D. Beauchamp, L. Bliven, and D. Chittick	DIC0000624 – 0000634
370.	2/24/09	E-mail exchange from D. Beauchamp	DIC0000684 – 0000686
371.	9/04/07	E-mail exchanges between R. Carney and D. Chittick	DIC0000693
372.	6/25/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000701

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373.	6/29/07	E-mail exchange between D. Chittick and DenSco investors	DIC0000702
374.	6/05/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0000719
375.	6/01/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000726
376.	6/01/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000727
377.	6/01/07	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0000728 – 0000729
378.	5/29/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0000732 – 0000734
379.	5/22/07	E-mail exchange between D. Beauchamp and N. Lutter	DIC0000749 – 0000755
380.	5/19/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0000781 – 0000783
381.	5/17/07	E-mail exchange between A. Damos and D. Chittick	DIC0000792 – 0000860
382.	5/17/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000861
383.	5/16/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0000880 – 0000881
384.	5/15/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0000888
385.	5/17/07	D. Beauchamp handwritten notes	DIC0000937
386.	5/03/07	D. Beauchamp handwritten notes	DIC0000939 – 0000941
387.	5/01/07	D. Beauchamp handwritten notes	DIC0000942
388.	6/01/07	DenSco Confidential Private Offering Memorandum	DIC0000965 - 0001032
389.	5/16/07	E-mail exchange between A. Damos and D. Chittick	DIC0001191 – 0001201
390.	5/16/07	E-mail exchange between A. Damos and D. Chittick	DIC0001202 – 0001211
391.	6/01/07	DenSco Confidential Private Offering Memorandum	DIC0001254 – 0001319
392.	7/06/09	DenSco Prospective Purchaser Questionnaire (Accredited Investors)	DIC0001457 – 0001464
393.	7/06/09	DenSco Subscription Agreement	DIC0001482 – 0001486
394.	12/30/09	E-mail exchange between D. Chittick, D. Beauchamp, and DenSco Investors	DIC0001988
395.	9/08/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0001991 – 0001993
396.	12/08/09	E-mail exchanges between D. Chittick, D. Beauchamp, R. Carney	DIC0002002 – 0002006
397.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002128 – 0002130
398.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002140
399.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick re POM	DIC0002141 – 0002212
400.	6/06/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002213 – 0002215
401.	5/17/09	E-mail exchange between D. Chittick and C. Mulder	DIC0002222 – 0022297

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Exhibit Number	Document Date	Description	Bates No.
402.	5/15/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002298 – 0002300
403.	5/15/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002308 – 0002310
404.	4/23/09	E-mail exchanges between D. Beauchamp, D. Chittick and R. Burgan	DIC0002316 – 0002319
405.	4/01/09	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002323 – 0002324
406.	5/18/09	E-mail exchanges between D. Beauchamp, R. Burgan, L. Bliven and D. Chittick	DIC0002365 – 0002371
407.	6/30/09	D. Beauchamp handwritten notes	DIC0002427
408.	5/15/09	D. Beauchamp handwritten notes	DIC0002429
409.	4/09/09	D. Beauchamp handwritten notes	DIC0002433 – 0002434
410.	1/13/14	Letter from R. Miller to D. Beauchamp re DenSco files	DIC0002445
411.	3/18/08	Letter from D. Beauchamp to D. Chittick	DIC0002450 – 0002451
412.	6/26/07	E-mail exchanges between R. Carney and D. Chittick	DIC0002457 – 0002458
413.	6/15/07	E-mail exchange between D. Beauchamp, D. Chittick, and R. Carney	DIC0002468 – 0002469
414.	6/15/07	E-mail exchange between D. Beauchamp and R. Carney	DIC0002470 – 0002471
415.	6/15/07	E-mail exchange between D. Beauchamp, and R. Carney	DIC0002474
416.	6/05/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002475 – 0002476
417.	5/24/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002502
418.	5/24/07	E-mail exchange between N. Lutter and D. Chittick	DIC0002503
419.	5/23/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002505
420.	5/23/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002507
421.	5/22/07	E-mail exchange between N. Lutter and D. Beauchamp	DIC0002526 – 0002528
422.	5/21/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002534
423.	5/21/07	E-mail exchange between K. Merritt and D. Chittick	DIC0002535
424.	5/21/07	E-mail exchange between K. Merritt and D. Chittick	DIC0002536
425.	5/21/07	E-mail exchanges between D. Beauchamp and N. Lutter	DIC0002537
426.	5/21/07	E-mail exchange between D. Beauchamp and N. Lutter	DIC0002539
427.	5/21/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002540; DIC0002544 – 0002546
428.	5/18/07	E-mail exchange between A. Damos and D. Chittick	DIC0002547
429.	5/18/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002548 – 0002549
430.	5/18/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002553

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Exhibit Number	Document Date	Description	Bates No.
431.	5/18/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002554
432.	5/17/07	E-mail exchange between D. Beauchamp and D. Chittick and K. Merritt	DIC0002626 – 0002627
433.	5/17/07	E-mail exchange between K. Merritt and D. Beauchamp	DIC0002630
434.	5/17/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002634 – 0002635
435.	5/17/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002637
436.	5/17/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002638
437.	5/17/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002639 – 0002640
438.	5/09/07	E-mail exchange between D. Beauchamp and K. Merritt	DIC0002666
439.	5/09/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002667
440.	5/09/07	E-mail exchange between K. Marsh and D. Chittick	DIC0002669
441.	5/09/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002670
442.	5/07/07	Letter from D. Beauchamp to D. Chittick	DIC0002674 – 0002678
443.	5/22/07	E-mail exchange between A. Damos and D. Beauchamp	DIC0002709 – 0002737
444.	5/18/07	E-mail exchange between S. Weeks and D. Chittick	DIC0002739 – 0002755
445.	6/05/07	E-mail exchange between S. Weeks and D. Chittick	DIC0002757 – 0002761
446.	6/27/13	D. Beauchamp handwritten notes	DIC0003336
447.	6/27/13	D. Beauchamp handwritten notes	DIC0003337
448.	6/25/13	D. Beauchamp handwritten notes	DIC0003338
449.	6/18/13	D. Beauchamp handwritten notes	DIC0003340 – 0003341
450.	6/18/13	D. Beauchamp handwritten notes	DIC0003342
451.	6/17/13	D. Beauchamp handwritten notes	DIC0003344
452.	5/09/13	D. Beauchamp handwritten notes	DIC0003345
453.	5/01/13	Draft DenSco Confidential Private Offering Memorandum	DIC0003348 – 0003418
454.	8/30/13	Due Diligence folder materials	DIC0003427 – 0003442
455.	6/17/13	Printed excerpt from DenSco website	DIC0003429 – 0003434
456.	8/26/13	D. Beauchamp handwritten notes	DIC0003481
457.	8/06/13	E-mail exchanges between D. Beauchamp and G. Jensen	DIC0003482 – 0003483
458.	7/11/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003486 – 0003487
459.	7/10/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003490 – 0003491



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Exhibit Number	Document Date	Description	Bates No.
460.	7/01/13	E-mail exchange between E. Sipes and D. Beauchamp	DIC0003495 – 0003496
461.	7/01/13	Draft DenSco Confidential Private Offering Memorandum with handwritten notes	DIC0003497 – 0003571
462.	6/27/13	E-mails from D. Chittick to D. Beauchamp	DIC0003572 – 0003573
463.	6/25/13	E-mail from D. Beauchamp to E. Sipes	DIC0003574 – 0003575
464.	6/17/13	E-mail from D. Beauchamp to M. Weakley	DIC0003612 – 0003614
465.	6/17/13	E-mail from D. Beauchamp to R. Wang	DIC0003615
466.	6/17/13	E-mail exchanges between D. Beauchamp and R. Wang	DIC0003616 – 0003620
467.	6/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003633 – 0003634
468.	6/11/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003637 – 0003639
469.	6/21/13	E-mail exchanges between D. Beauchamp, R. Wang, K. Henderson, R. Endicott, G. Jensen	DIC0003655 – 0003657
470.	6/10/13	E-mail exchange between D. Beauchamp and M. Weakley	DIC0003660 – 0003661
471.	6/10/13	E-mail from D. Beauchamp to R. Pederson	DIC0003667 – 0003668
472.	5/01/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003693 – 0003696
473.	8/22/11	E-mail exchanges between G. Schneider and D. Chittick	DIC0003803 – 0003804; DIC0003806 – 0003819
474.	8/22/11	E-mail exchange between D. Beauchamp and P. Carman and M. Parsons	DIC0003805
475.	8/20/11	E-mail exchange between D. Beauchamp and D. Chittick, G. Schneider	DIC0003820 – 0003821
476.	8/20/11	E-mail exchanges between G. Schneider and D. Chittick	DIC0003824 – 0003825
477.	8/19/11	E-mail exchange between D. Beauchamp and D. Chittick	DIC0003828 – 0003830
478.	8/19/11	E-mail exchanges between D. Beauchamp, G. Schneider, M. Dvoren, and D. Chittick	DIC0003831 – 0003836
479.	8/12/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003837 – 0003838
480.	8/12/11	D. Beauchamp handwritten notes from call with D. Chittick	DIC0003927
481.	8/22/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003932 – 0003933
482.	7/19/11	E-mail exchange between D. Chittick and DenSco investors	DIC0003934 – 0003935
483.	7/19/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003936 – 0003939
484.	7/19/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003946 – 0003948
485.	7/18/11	E-mail exchange between D. Beauchamp, M. Parsons, D. Chittick	DIC0003969 – 0003970
486.	7/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003972 – 0003973

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487.	7/20/11	E-mail exchange between D. Chittick and D. Beauchamp	DIC0003976 – 0004046
488.	6/30/11	E-mail exchanges between D. Chittick, and D. Beauchamp	DIC0004047 – 0004049
489.	6/30/11	E-mail exchange between D. Chittick and DenSco Investors	DIC0004056 – 0004059
490.	6/16/11	E-mail exchange between D. Chittick and D. Beauchamp and W. Bush	DIC0004061
491.	6/15/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004062 – 0004063
492.	6/14/11	E-mail exchange between D. Beauchamp and D. Chittick	DIC0004065 – 0004067
493.	6/14/11	E-mail exchange between D. Chittick, and D. Beauchamp	DIC0004069 – 0004070
494.	6/13/11	E-mail exchanges between D. Chittick and W. Bush	DIC0004076 – 0004078
495.	6/12/11	E-mail exchange between D. Chittick and W. Bush	DIC0004082 – 0004083
496.	6/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004084 – 0004086
497.	6/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004093 – 0004095
498.	6/06/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004097
499.	6/02/11	E-mail exchange between A. Gleason and D. Chittick	DIC0004098 – 0004099
500.	6/02/11	E-mail exchange between A. Gleason and D. Beauchamp	DIC0004100
501.	5/25/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004101 – 0004103
502.	5/23/11	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0004114 – 0004119
503.	5/23/11	E-mail exchange between D. Beauchamp and A. Gleason and D. Chittick	DIC0004139 – 0004142
504.	5/23/11	E-mail exchanges between D. Chittick and D. Beauchamp D. Arnce	DIC0004143 – 0004146
505.	5/20/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004150 – 0004152
506.	5/09/11	E-mail exchange between G. Schneider and J. Stern	DIC0004156
507.	5/05/11	E-mail exchange between G. Schneider and J. Stern	DIC0004157
508.	5/05/11	E-mail exchange between G. Schneider and D. Beauchamp	DIC0004158
509.	5/03/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004159 – 0004160
510.	5/02/11	E-mail exchanges between, D. Beauchamp, G. Schneider and J. Stern	DIC0004162 – 0004164
511.	4/15/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004171 – 0004172
512.	4/13/11	E-mail exchange between G. Schneider and D. Beauchamp	DIC0004175
513.	4/13/11	E-mail exchange between G. Schneider and Lawyers	DIC0004176
514.	4/06/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004181 – 0004183
515.	4/04/11	E-mail exchanges between R. Carney and D. Chittick	DIC0004193

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516.	4/01/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004194 – 0004196
517.	9/21/09	Arizona Department of Financial Institutions Regulatory Alert	DIC0004213 – 0004214
518.	5/21/10	Arizona Administrative Register - Notice of Emergency Rulemaking	DIC0004216 – 0004220
519.	4/13/11	D. Beauchamp handwritten notes	DIC0004378 – 0004379
520.	3/01/11	D. Beauchamp handwritten notes	DIC0004380
521.	7/19/11	DenSco Confidential Private Offering Memorandum	DIC0004461 – 0004530
522.	9/30/09	E-mail exchange between D. Chittick, D. Beauchamp, and DenSco Investors	DIC0004952
523.	1/10/14	Clark Hill New Client/Matter form	DIC0005382 – 0005386
524.	4/04/14	Letter from J. Zaporowski to D. Chittick	DIC0005387
525.	3/19/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0005388 – 0005391
526.	4/29/14	D. Beauchamp handwritten notes	DIC0005393 – 0005394
527.	4/23/14	D. Beauchamp handwritten notes	DIC0005395
528.	1/13/14	D. Beauchamp handwritten notes	DIC0005398 – 0005399
529.	1/10/14	D. Beauchamp handwritten notes	DIC0005400 – 0005402
530.	1/09/14	D. Beauchamp handwritten notes	DIC0005403 – 0005404
531.	1/06/14	D. Beauchamp handwritten notes	DIC0005405
532.	1/09/14	Printed copy of A.R.S. 33-705	DIC0005406
533.	1/09/14	Printed copy of A.R.S. 33-729	DIC0005407
534.	2/20/14	Jeffrey Goulder Stinson Leonard Street Bio	DIC0005408 – 0005409
535.	2/11/14	D. Beauchamp handwritten notes	DIC0005410
536.	2/10/14	D. Beauchamp handwritten notes	DIC0005411
537.	2/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0005412
538.	2/07/14	D. Beauchamp handwritten notes	DIC0005413 – 0005416
539.	2/06/14	D. Beauchamp handwritten notes	DIC0005417
540.	2/03/14	D. Beauchamp handwritten notes	DIC0005418
541.	1/29/14	D. Beauchamp handwritten notes	DIC0005419
542.	1/21/14	D. Beauchamp handwritten notes	DIC0005420
543.	1/21/14	D. Beauchamp handwritten notes	DIC0005421
544.	1/17/14	D. Beauchamp handwritten notes	DIC0005422

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545.	1/16/14	D. Beauchamp handwritten notes	DIC0005423
546.	1/16/14	D. Beauchamp handwritten notes	DIC0005424
547.	1/15/14	D. Beauchamp handwritten notes	DIC0005425
548.	1/15/14	D. Beauchamp handwritten notes	DIC0005426
549.	1/15/14	D. Beauchamp handwritten notes	DIC0005427
550.	1/15/14	D. Beauchamp handwritten notes	DIC0005428
551.	1/14/14	D. Beauchamp handwritten notes	DIC0005429 – 0005430
552.	1/13/14	D. Beauchamp handwritten notes	DIC0005431
553.	1/13/14	D. Beauchamp handwritten notes	DIC0005432
554.	3/12/14	D. Beauchamp handwritten notes	DIC0005433
555.	3/12/14	D. Beauchamp handwritten notes	DIC0005434
556.	3/11/14	D. Beauchamp handwritten notes	DIC0005435 – 0005436
557.	3/07/14	D. Beauchamp handwritten notes	DIC0005437
558.	3/03/14	D. Beauchamp handwritten notes	DIC0005438
559.	2/27/14	D. Beauchamp handwritten notes	DIC0005439
560.	2/25/14	D. Beauchamp handwritten notes	DIC0005440
561.	2/24/14	D. Beauchamp handwritten notes	DIC0005441
562.	2/21/14	D. Beauchamp handwritten notes	DIC0005442
563.	2/20/14	D. Beauchamp handwritten notes	DIC0005444 – 0005447
564.	2/20/14	D. Beauchamp handwritten notes	DIC0005448
565.	4/23/14	UCC Financing Statement - Furniture King, LLC.	DIC0005450 – 0005451
566.	4/23/14	Exhibit A to Forbearance Agreement	DIC0005550 – 0005567
567.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006049
568.	1/16/14	E-mail from S. Menaged to D. Beauchamp and D. Chittick	DIC0006050
569.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006165 – 0006168
570.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006173 – 0006174
571.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006177
572.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006179 – 0006181
573.	3/26/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006182 – 0006184

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<b>Exhibit Number</b>	<b>Document Date</b>	<b>Description</b>	<b>Bates No.</b>
574.	3/26/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006185 – 0006186
575.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006187 – 0006190
576.	3/26/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0006191 – 0006192
577.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006193 – 0006194
578.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006195 – 0006196
579.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006197 – 0006199
580.	3/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006200 – 0006202
581.	3/30/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006203 – 0006205
582.	3/30/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006206 – 0006208
583.	3/30/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006209 – 0006211
584.	3/30/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006212 – 0006213
585.	3/30/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006214 – 0006215
586.	3/27/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006216 – 0006217
587.	3/27/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006218 – 0006220
588.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006236 – 0006238
589.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006239 – 0006241
590.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006242 – 0006244
591.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006261 – 0006263
592.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006266 – 0006267
593.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006268 – 0006269
594.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp and S. Menaged	DIC0006272 – 0006273
595.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006274 – 0006281
596.	1/15/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006282 – 0006288
597.	3/19/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006302 – 0006304
598.	3/19/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006305 – 0006307
599.	1/16/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006321 – 0006322
600.	1/16/14	E-mail exchanges between D. Beauchamp, B. Miller, D. Chittick	DIC0006323 – 0006324
601.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006325 – 0006326
602.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp, S. Menaged	DIC0006330 – 0006331

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603.	1/16/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006334 – 0006335 DIC0007521 – 0007525
604.	1/16/14	E-mail exchange between D. Chittick, D. Diethelm, C. Cardon, L Hoebing	DIC0006340 – 0006341
605.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006346 – 0006347
606.	1/16/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006364 – 0006365
607.	1/16/14	E-mail exchanges between D. Beauchamp, D. Chittick, and D. Schenck	DIC0006371 – 0006372
608.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006384 – 0006385
609.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006388 – 0006389
610.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006397 – 0006398
611.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006402 – 0006403
612.	1/16/14	E-mail exchanges between D. Beauchamp, D. Chittick, and D. Schenck	DIC0006420 – 0006421
613.	1/17/14	E-mail exchange between D. Chittick, D. Diethelm, C. Cardon, L Hoebing	DIC0006429 – 0006431
614.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006435 – 0006436
615.	1/17/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged, J. Goulder	DIC0006441 – 0006443
616.	1/17/14	E-mail exchange between D. Beauchamp and S. Menaged	DIC0006449 – 0006551
617.	1/17/14	E-mail exchanges between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006452 – 0006453
618.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006458
619.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006462 – 0006463
620.	1/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006465 – 0006482
621.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006495 – 0006499
622.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006504 – 0006506
623.	1/30/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006516 – 0006518
624.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006526
625.	1/21/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged	DIC0006533 – 0006534
626.	1/16/14	E-mail exchanges between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006535 – 0006536
627.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006539 – 0006542
628.	1/17/14	E-mail exchange between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006549 – 0006550
629.	1/17/14	E-mail exchange between S. Menaged, and D. Chittick	DIC0006552 – 0006554
630.	1/17/14	E-mail exchange between D. Beauchamp, L. Stringer, D. Schenck	DIC0006558 – 0006559

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Exhibit Number	Document Date	Description	Bates No.
631.	1/21/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006568 – 0006569
632.	1/25/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006576 – 0006577
633.	1/24/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006578 – 0006581
634.	1/23/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006590 – 0006591
635.	1/21/14	E-mail exchange between D. Beauchamp, R. Anderson, D. Chittick	DIC0006592 – 0006593
636.	1/21/14	E-mail exchange between D. Beauchamp, R. Anderson, and D. Chittick	DIC0006594 – 0006597
637.	2/04/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006598 – 0006599
638.	1/31/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006607 – 0006609
639.	1/31/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006611 – 0006614
640.	2/04/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006621 – 0006622
641.	2/04/14	E-mail exchanges between D. Beauchamp and J. Goulder	DIC0006623 – 0006624
642.	2/04/14	E-mail from D. Beauchamp to D. Chittick	DIC0006625 – 0006626
643.	2/03/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006627 – 0006632
644.	2/03/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006651 – 0006653
645.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006656 – 0006658
646.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006659 – 0006660
647.	2/07/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006663 – 0006664
648.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick; Beauchamp and L. Stringer	DIC0006665 - 0006666
649.	2/06/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006667 – 0006668
650.	2/05/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006669 – 0006670
651.	2/05/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006671 – 0006672
652.	2/04/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006673 – 0006674
653.	2/04/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006676 – 0006678
654.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006679 – 0006681
655.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006686 – 0006688
656.	2/26/14	E-mail exchange between D. Beauchamp and William Price	DIC0006689
657.	2/27/14	E-mail exchange between D. Beauchamp and B. Price	DIC0006696
658.	2/09/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006702 – 0006704

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659.	2/24/14	E-mail exchanges between W. Price and D. Beauchamp	DIC0006733 – 0006737
660.	2/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006757 – 0006758
661.	2/13/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006761 – 0006763
662.	2/21/14	E-mail exchange between D. Beauchamp, W. Price, K. Wakim, R. Gordon, J. Applebaum	DIC0006776 – 0006779
663.	2/17/14	E-mail exchanges between S. Menaged, J. Goulder, and D. Chittick	DIC0006786 – 0006787
664.	2/15/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006790 – 0006791
665.	2/15/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006797 – 0006802
666.	2/14/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006803 – 0006806
667.	2/18/14	E-mail exchange between D. Chittick, J. Goulder, and D. Beauchamp, S. Menaged	DIC0006816 – 0006818
668.	2/20/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006822 – 0006824
669.	2/20/14	E-mail exchange between D. Beauchamp, R. Gordon, K. Wakim, J. Applebaum	DIC0006831 – 0006833
670.	2/20/14	E-mail exchange between W. Price, D. Beauchamp, R. Gordon, K. Wakim, J. Applebaum	DIC0006834 – 0006836
671.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006837
672.	3/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006844 – 0006846
673.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006847 – 0006848
674.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006849 – 0006850
675.	3/11/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006851 – 0006855
676.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006865 – 0006867
677.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006868 – 0006869
678.	3/10/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006874 – 0006876
679.	3/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006877 – 0006878
680.	3/04/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006879 – 0006880
681.	3/06/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006881 – 0006882
682.	2/19/14	E-mail exchanges between S. Menaged, J. Goulder, and D. Beauchamp	DIC0006890 – 0006893
683.	2/20/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006894 – 0006895
684.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006904 – 0006905
685.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006906 – 0006909



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Exhibit Number	Document Date	Description	Bates No.
686.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006911 – 0006914
687.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006915 – 0006918
688.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006919 – 0006921
689.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006929 – 0006930
690.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006931 – 0006932
691.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006933 – 0006934
692.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006935 – 0006937
693.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006941 – 0006944
694.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006952 – 0006954
695.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006958 – 0006960
696.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006963 – 0006966
697.	3/17/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006968 – 0006971
698.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006976 – 0006978
699.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp and S. Menaged	DIC0006992 – 0006994
700.	1/15/14	E-mail exchanges between D. Chittick, D. Beauchamp, B. Miller	DIC0006995 – 0006999
701.	1/15/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged	DIC0007000 – 0007002
702.	1/15/14	E-mail exchange between D. Beauchamp, L. Stringer, D. Schenck	DIC0007012 – 0007014; DIC0007512 – 0007515
703.	1/15/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007017 – 0007019
704.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007028 – 0007029
705.	1/15/14	E-mail from D. Beauchamp to D. Chittick	DIC0007032 – 0007033; DIC0008586 – 0008590
706.	1/15/14	E-mail exchanges between D. Beauchamp and J. Goulder	DIC0007034 – 0007035
707.	1/15/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0007037 – 0007038
708.	1/15/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007039 – 0007041
709.	1/15/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0007061 – 0007062
710.	1/14/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007070 – 0007071
711.	1/14/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007074
712.	1/13/14	E-mail exchanges between D. Chittick, S. Menaged, D. Beauchamp	DIC0007075 – 0007076

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Exhibit Number	Document Date	Description	Bates No.
713.	1/13/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007084 – 0007087
714.	1/12/14	E-mail exchanges between D. Chittick, S. Menaged, D. Beauchamp	DIC0007094 – 0007096
715.	1/10/14	E-mail exchanges between R. Miller, D. Beauchamp, K. Velazquez, D. Chittick, T. Daniels	DIC0007102 – 0007118
716.	1/10/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007125 – 0007126
717.	6/13/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0007152
718.	6/12/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0007165; DIC0007171 – 0007175
719.	5/14/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007209 – 0007216
720.	5/14/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007217
721.	5/02/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0007221 – 0007222
722.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007226
723.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007236 – 0007237
724.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007274 – 0007276
725.	4/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007288 – 0007290
726.	4/24/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0007293
727.	4/25/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007297 – 0007298
728.	4/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007313 – 0007314
729.	4/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007324 - 0007327
730.	1/17/14	Executed Term Sheet	DIC0007521 – 0007525
731.	4/03/14	Handwritten Notes	DIC0007595 – 0007597
732.	2/04/14	Draft Forbearance Agreement	DIC0007598 – 0007613
733.	2/06/14	Draft Forbearance Agreement	DIC0007614 – 0007629
734.	2/06/14	Draft Forbearance Agreement	DIC0007630 – 0007646
735.	2/06/14	Draft Forbearance Agreement	DIC0007647 – 0007662
736.	2/06/14	Draft Forbearance Agreement	DIC0007663 – 0007679
737.	2/06/14	Draft Forbearance Agreement	DIC0007695 – 0007711
738.	4/03/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0008063
739.	1/15/14	ACC corporate inquiry re AZBEN Limited	DIC0008579 - 0008581
740.	1/15/14	ACC corporate inquiry re Arizona Home Foreclosures, LLC	DIC0008584 – 0008585

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741.	1/06/14	Letter from R. Miller to D. Chittick with handwritten notes	DIC0008607 – 0008626
742.	5/14/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0008639
743.	5/13/14	D. Beauchamp handwritten notes	DIC0008658
744.	4/24/14	E-mail exchange between D. Chittick and D. Beauchamp w/ POM	DIC0008660 – 0008730
745.	4/24/14	DenSco Confidential Private Offering Memorandum dated July 2011	DIC0008731 – 0008800
746.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008802 – 0008873
747.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008874 – 0008945
748.	5/01/14	D. Beauchamp handwritten notes	DIC0008947 – 0008949
749.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008950 – 0009019
750.	1/14/14	Clark Hill New Client/Matter form	DIC0009315 – 0009318
751.	8/10/16	Letter from D. Beauchamp to W. Coy	DIC0009319 – 0003920
752.	12/18/13	E-mail between D. Beauchamp and D. Chittick	DIC0009430
753.	7/27/16	Letter to Investors	DIC0009462 – 0009475
754.	7/28/16	Iggy List	DIC0009476 – 0009487
755.	7/28/16	To Do List before you kill yourself	DIC0009488
756.	8/01/16	Letter to Robert Koehler	DIC0009489 – 0009500
757.	8/07/16	Letter from G. Clapper to DenSco	DIC0009519 – 0009522
758.	8/23/16	Receipt Acknowledgment from Simon Consulting	DIC0009523
759.	8/29/16	E-mail exchange between K. Merritt, D. Beauchamp, R. Anderson	DIC0009528
760.	8/12/16	E-mail exchanges between D. Beauchamp, S. Hearer, J. Polese and W. Coy	DIC0009565 – 0009570
761.	8/12/16	E-mail exchanges between S. Hearer, J. Polese and W. Coy	DIC0009575 – 0009580
762.	8/12/16	E-mail exchange between D. Beauchamp and J. Polese	DIC0009581 – 0009584
763.	8/12/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0009587 – 0009590
764.	8/12/16	E-mail exchange between W. Coy and J. Polese	DIC0009596
765.	8/12/16	E-mail exchange between J. Polese and W. Coy	DIC0009610
766.	8/12/16	E-mail between P. Meloserhoff and D. Beauchamp	DIC0009620 – 0009621
767.	8/12/16	E-mail exchanges between D. Beauchamp, K. Merritt, G. Clapper	DIC0009632 – 0009634
768.	8/11/16	E-mail exchanges between D. Beauchamp, T. Byrne, and DenSco Investors	DIC0009636 – 0009645
769.	8/11/16	E-mail exchange between D. Beauchamp, T. Byrne, and DenSco Investors	DIC0009678 – 0009685

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Exhibit Number	Document Date	Description	Bates No.
770.	8/11/16	E-mail exchange between D. Beauchamp and G. Clapper	DIC0009702 – 0009704
771.	8/10/16	E-mail exchange between D. Beauchamp, W. Coy, and G. Clapper	DIC0009771 – 0009773
772.	8/10/16	E-mail exchange between D. Beauchamp and DenSco Investors	DIC0009777 – 0009778
773.	8/10/16	E-mail exchange between T. Smith and S. Schloz	DIC0009825 – 0009829
774.	8/10/16	E-mail exchange between L. Grove and W. Coy	DIC0009832
775.	8/09/16	E-mail exchange between G. Davis and M. Scroggin	DIC0009840 – 0009844
776.	8/09/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0009865 – 0009867
777.	8/09/16	E-mail exchange between D. Beauchamp and DenSco Investors	DIC0009874 – 0009875
778.	8/09/16	E-mail exchange between D. Beauchamp and C. Hood	DIC0009876 – 0009879
779.	8/09/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0009904 – 0009905
780.	8/09/16	E-mail exchange between D. Beauchamp and C. Gorman	DIC0009906; 0010993 - 0011005
781.	8/09/16	E-mail exchange between K. Merritt and D. Beauchamp	DIC0009907 – 0009909
782.	8/08/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0009932 – 0009936
783.	8/08/16	E-mail exchange between D. Beauchamp and T. Smith	DIC0009939 – 0009946
784.	8/08/16	E-mail exchange between D. Beauchamp and C. Hood	DIC0010017 – 0010022
785.	8/08/16	E-mail exchange between D. Beauchamp and D. Hickman	DIC0010035 – 0010039
786.	8/08/16	E-mail exchange between D. Beauchamp and K. Johnson	DIC0010042
787.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010071 – 0010073
788.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010074
789.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010075 – 0010076
790.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010077 - 0010079
791.	8/07/16	E-mail exchange between D. Beauchamp and C. Brown	DIC0010111 – 0010115
792.	8/07/16	E-mail exchange between D. Beauchamp and L. Grove	DIC0010125 – 0010126
793.	8/07/16	E-mail exchange between T. Byrne and DenSco Investors	DIC0010140 – 0010143
794.	8/07/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010150
795.	8/07/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010151
796.	8/07/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0010157
797.	8/07/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0010158
798.	8/07/16	E-mail exchange between A. Burdett and D. Beauchamp	DIC0010160 – 0010161

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
799.	5/08/14	UCC Financing Statement – Furniture King, LLC	DIC0010162
800.	8/06/16	E-mail exchange between W. Ledet and DenSco Investors	DIC0010163
801.	08/06/16	E-mail exchange R. Griswold and D. Beauchamp	DIC0010220
802.	8/05/16	E-mail exchange between D. Beauchamp and T. Smith	DIC0010221
803.	8/05/16	E-mail exchange between D. Beauchamp, W. Coy, G. Clapper	DIC0010228 – 0010230
804.	8/05/16	E-mail from D. Beauchamp to DenSco investors	DIC0010234 – 0010236
805.	8/05/16	E-mail exchange between D. Beauchamp and E. Cohen	DIC0010237 – 0010241
806.	8/05/16	E-mail exchange between D. Beauchamp, W. Coy, G. Clapper	DIC0010242 – 0010245
807.	8/05/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010248
808.	8/04/16	E-mail exchanges between W. Coy and D. Beauchamp	DIC0010264 – 0010265
809.	8/04/16	E-mail exchanges between W. Coy and D. Beauchamp	DIC0010328
810.	8/04/16	E-mail exchange between D. Beauchamp, R. Koehler, S. Heuer	DIC0010341 – 0010342
811.	9/23/16	E-mail exchanges between K. Merritt, R. Anderson and J. Polese	DIC0010460 – 0010462
812.	9/23/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0010463 – 0010464
813.	9/23/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0010465 – 0010466
814.	9/23/16	E-mail between K. Merritt, D. Beauchamp and J. Polese	DIC0010469
815.	9/23/16	E-mail exchange between D. Beauchamp and K. Merritt	DIC0010471 – 00010473
816.	9/23/16	E-mail between K. Merritt and D. Beauchamp	DIC0010474
817.	9/16/16	E-mail exchanges between R. Anderson and J. Polese	DIC0010481 – 0010483
818.	9/16/16	E-mail exchange between J. Campanaro and D. Beauchamp	DIC0010486 – 0010488
819.	9/15/16	E-mail exchange between L. Grove and P. Davis	DIC0010487
820.	9/16/16	Letter from R. Anderson to D. Beauchamp	DIC0010488 – 0010506
821.	9/14/16	Letter from D. Beauchamp to P. Davis with Invoice	DIC0010490 – 0010503
822.	9/14/16	E-mail exchanges between T. Osborne, D. Beauchamp, K. Merritt	DIC0010507 – 0010508
823.	9/14/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010512 – 0010514
824.	9/14/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010522 – 0010523
825.	9/12/16	E-mail exchange between D. Beauchamp and S. Beretta	DIC0010524 – 0010525
826.	9/12/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010527 – 0010528
827.	9/10/16	E-mail exchange between D. Beauchamp and S. Beretta re missing loan files	DIC0010529 – 0010531

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
828.	9/05/16	E-mail exchanges between M. Blackford and D. Beauchamp	DIC0010532 – 0010535
829.	8/16/16	Chandler Police Department General Occurrence Hardcopy	DIC0010544 – 0010562
830.	8/26/16	E-mail exchanges between J. Polese, K. Merritt, D. Beauchamp, T. Forsman	DIC0010598 – 0010599
831.	8/17/16	Declaration of David Beauchamp	DIC0010609 – 0010610
832.	4/16/14	Forbearance Agreement, Guaranty Agreements, Secured Line of Credit, Authorization to Update Forbearance Agreement, Exhibits, Secured Line of Credit, Representation and Disclaimer Agreement, Security Agreement, UCC Financing Statement (executed copies)	DIC0010731 – 0010834  DIC0010731 – 0010754 DIC0010755 – 0010772 DIC0010773 – 0010790 DIC0010791 – 0010800 DIC0010801 – 0010806
833.	8/12/16	D. Beauchamp handwritten notes	DIC0010894
834.	8/12/16	D. Beauchamp handwritten notes	DIC0010896
835.	8/12/16	D. Beauchamp handwritten notes	DIC0010900
836.	8/12/16	D. Beauchamp handwritten notes	DIC0010901
837.	8/11/16	D. Beauchamp handwritten notes	DIC0010902
838.	8/11/16	D. Beauchamp handwritten notes	DIC0010903
839.	8/10/16	D. Beauchamp handwritten notes	DIC0010904 – 0010907
840.	8/10/16	D. Beauchamp handwritten notes	DIC0010908
841.	8/10/16	D. Beauchamp handwritten notes	DIC0010909
842.	8/10/16	D. Beauchamp handwritten notes	DIC0010910 – 0010911
843.	8/09/16	D. Beauchamp handwritten notes	DIC0010912
844.	8/09/16	D. Beauchamp handwritten notes	DIC0010913
845.	8/09/16	D. Beauchamp handwritten notes	DIC0010914
846.	8/09/16	D. Beauchamp handwritten notes	DIC0010915
847.	8/09/16	D. Beauchamp handwritten notes	DIC0010916
848.	8/08/16	D. Beauchamp handwritten notes	DIC0010917
849.	8/08/16	D. Beauchamp handwritten notes	DIC0010918 – 0010919
850.	8/05/16	D. Beauchamp handwritten notes	DIC0010920

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
851.	8/05/16	D. Beauchamp handwritten notes	DIC0010921
852.	8/05/16	D. Beauchamp handwritten notes	DIC0010922 - 0010923
853.	8/05/16	D. Beauchamp handwritten notes	DIC0010924
854.	8/04/16	D. Beauchamp handwritten notes	DIC0010925
855.	8/04/16	D. Beauchamp handwritten notes	DIC0010926
856.	8/03/16	D. Beauchamp handwritten notes	DIC0010927
857.	8/03/16	D. Beauchamp handwritten notes	DIC0010928
858.	8/03/16	D. Beauchamp handwritten notes	DIC0010929
859.	8/03/16	D. Beauchamp handwritten notes	DIC0010930
860.	8/03/16	D. Beauchamp handwritten notes	DIC0010931
861.	8/03/16	D. Beauchamp handwritten notes	DIC0010932
862.	8/02/16	D. Beauchamp handwritten notes	DIC0010933 – 0010934
863.	8/02/16	D. Beauchamp handwritten notes	DIC0010936
864.	8/01/16	D. Beauchamp handwritten notes	DIC0010937 – 0010939
865.	7/31/16	D. Beauchamp handwritten notes	DIC0010940
866.	7/28/16	D. Beauchamp handwritten notes	DIC0010941
867.	9/12/16	D. Beauchamp handwritten notes	DIC0010942
868.	8/26/16	D. Beauchamp handwritten notes	DIC0010943 – 0010945
869.	8/15/16	D. Beauchamp handwritten notes	DIC0010946
870.	8/15/16	D. Beauchamp handwritten notes	DIC0010947
871.	8/17/16	D. Beauchamp handwritten notes	DIC0010948
872.	8/17/16	D. Beauchamp handwritten notes	DIC0010949
873.	8/17/16	D. Beauchamp handwritten notes	DIC0010950
874.	8/17/16	D. Beauchamp handwritten notes	DIC0010951 – 0010952
875.	8/17/16	D. Beauchamp handwritten notes	DIC0010953
876.	8/17/16	D. Beauchamp handwritten notes	DIC0010954
877.	8/17/16	D. Beauchamp handwritten notes	DIC0010955
878.	8/16/16	D. Beauchamp handwritten notes	DIC0010956
879.	8/17/16	D. Beauchamp handwritten notes	DIC0010957

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
880.	8/17/16	D. Beauchamp handwritten notes	DIC0010958
881.	8/18/16	D. Beauchamp handwritten notes	DIC0010959
882.	8/19/16	D. Beauchamp handwritten notes	DIC0010960
883.	8/22/16	D. Beauchamp handwritten notes	DIC0010961
884.	8/22/16	D. Beauchamp handwritten notes	DIC0010962
885.	8/22/16	D. Beauchamp handwritten notes	DIC0010963
886.	8/23/16	D. Beauchamp handwritten notes	DIC0010964; DIC0010966
887.	8/23/16	D. Beauchamp handwritten notes	DIC0010965
888.	8/23/16	D. Beauchamp handwritten notes	DIC0010967
889.	8/30/16	D. Beauchamp handwritten notes	DIC0010970
890.	9/02/16	D. Beauchamp handwritten notes	DIC0010972
891.	9/14/16	D. Beauchamp handwritten notes	DIC0010973
892.	9/14/16	D. Beauchamp handwritten notes	DIC0010974
893.	8/09/16	Sunnyside Dr., Scottsdale residential home info	DIC0010976
894.	8/09/16	Active Funding Group, LLC current financing programs	DIC0010977 – 0010983
895.	8/08/16	Scott Menaged Corporations List	DIC0010984 – 0010985
896.	8/09/16	Company officers with names matching Menaged	DIC0011006 – 0011007
897.	8/22/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011018 – 0011025
898.	8/22/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011036 – 0011037
899.	8/22/16	E-mail exchange between D. Beauchamp and L Grove	DIC0011044
900.	8/21/16	E-mail exchange between W. Coy, R. Anderson, D. Beauchamp	DIC0011045 – 0011050
901.	8/23/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011051 – 0011054
902.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011084 – 0011093
903.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011094 – 0011103
904.	8/23/16	E-mail exchanges between D. Beauchamp, J. Polese, R. Anderson	DIC0011104 – 0011113
905.	8/23/14	E-mail exchange between J. Polese, R. Anderson and K. Merritt	DIC0011128 - 0011136
906.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011128 – 0011136
907.	8/23/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011146 – 0011148
908.	8/24/16	E-mail exchange between P. Davis and D. Beauchamp	DIC0011194 – 0011195



Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
909.	8/24/16	E-mail exchange between J. Polese, P. Davis, D. Beauchamp	DIC0011196 – 0011197
910.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011198 – 0011208
911.	8/26/16	E-mail exchanges between D. Beauchamp, R. Anderson, S. Heuer, and J. Polese	DIC0011210 – 0011211
912.	8/26/16	E-mail exchanges between D. Beauchamp and J. Polese	DIC0011212 – 0011214
913.	8/26/16	E-mail exchanges between D. Beauchamp, J. Polese, and K. Merritt	DIC0011215 – 0011217
914.	8/24/16	E-mail exchange between R. Anderson, J. Polese, and P. Davis	DIC0011227 – 0011228
915.	8/26/16	E-mail between R. Anderson and J. Polese and D. Beauchamp	DIC0011232 – 0011244
916.	8/18/16	Order Appointing Receiver	DIC0011237 – 0011244
917.	8/29/16	E-mail exchange between J. Campanaro and D. Beauchamp	DIC0011254
918.	8/18/16	E-mail exchange between D. Beauchamp and L Grove	DIC0011255 – 0011265
919.	8/15/16	E-mail exchanges between D. Beauchamp and B. Locke	DIC0011339 – 0011342
920.	8/15/16	E-mail exchanges between K. Merritt, J. Polese and W. Coy	DIC0011343 – 0011344
921.	8/15/16	E-mail exchanges between D. Beauchamp and C. Hyman	DIC0011356 – 0011357
922.	8/15/16	E-mail exchange between D. Beauchamp and L. Grove	DIC0011362
923.	8/15/16	E-mail between J. Polese and W. Coy	DIC0011367
924.	8/15/16	E-mail between D. Beauchamp and G. Clapper	DIC0011373
925.	8/17/16	E-mail exchange between D. Beauchamp and J. Mannino	DIC0011391 – 0011399
926.	8/17/16	E-mail exchange between M. Sifferman and D. Beauchamp	DIC0011416 – 0011417
927.	8/17/16	E-mail exchanges between D. Beauchamp and C. Gorman	DIC0011427 – 0011428
928.	8/17/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011444 – 0011445
929.	8/16/16	E-mail between D. Beauchamp and K. Merritt	DIC0011513
930.	8/13/16	E-mail exchange between D. Beauchamp and G. Clapper	DIC0011626
931.	8/18/16	E-mail exchange between M. Sifferman and D. Beauchamp	DIC0011665 – 0011666
932.	8/18/16	E-mail exchanges between D. Beauchamp, K. Merritt, J. Polese and W. Coy	DIC0011667
933.	8/19/16	E-mail between D. Beauchamp and K. Merritt	DIC0011682
934.	8/19/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011693 – 0011699
935.	8/19/16	E-mail exchange between D. Beauchamp and R. Anderson	DIC0011710
936.	8/19/16	D. Beauchamp handwritten notes	DIC0011711 – 0011719
937.	8/19/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011727 – 0011736

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
938.	8/21/16	E-mail exchanges between D. Beauchamp and R. Brinkman	DIC0011786 – 0011791
939.	8/21/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011792 – 0011797
940.	8/21/16	E-mail exchange between D. Beauchamp and R. Anderson	DIC0011807 – 0011812
941.	8/21/16	E-mail between D. Beauchamp and R. Brinkman	DIC0011813
942.	8/03/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011830 – 0011833
943.	8/03/16	E-mail exchange between D. Beauchamp and investors	DIC0011836 – 0011838
944.	8/02/16	D. Beauchamp handwritten notes	DIC0011876 – 0011878
945.	8/01/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011892
946.	7/31/16	E-mail exchange between D. Beauchamp and S. Heuer	DIC0011893 – 0011894
947.	7/31/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011897 – 0011898
948.	7/31/16	E-mail exchange between D. Beauchamp, R. Koehler, S. Heuer	DIC0011899 – 0011900
949.	7/31/16	E-mail exchange between D. Beauchamp and R. Koehler	DIC0011901 – 0011902
950.	12/31/13	DenSco 2013 Corporate Journal	RECEIVER 000001 - 000043
951.	12/31/14	DenSco 2014 Corporate Journal	RECEIVER 000044 – 000092
952.	12/31/15	DenSco 2015 Corporate Journal	RECEIVER 000093 – 000135
953.	12/31/16	DenSco 2016 Corporate Journal	RECEIVER_000136 – 000164
954.	Various	Recorded Documents	RECEIVER_000165 – 001324
955.	3/25/13	Deed of Trust on Andrew Lane Property	RECEIVER 001320 – 001324
956.	9/23/13	Clark Hill - Press release re D. Beauchamp	RECEIVER 001325
957.	1/17/14	Robert Anderson Bio	RECEIVER 001326
958.	3/9/18 (produced)	Exhibit A to Plaintiff's Initial Disclosure Statement DenSco Analysis of Investor Transactions after 1/9/14	RECEIVER_001328 – 001331
959.	3/9/18 (produced)	Exhibit B to Plaintiff's Initial Disclosure Statement DenSco \$5 million workout loan as of 7/28/16	RECEIVER_001332 – 001336
960.	3/9/18 (produced)	Exhibit C to Plaintiff's Initial Disclosure Statement DenSco \$1 million workout loan as of 7/28/16	RECEIVER_001337
961.	3/9/18 (produced)	Exhibit D to Plaintiff's Initial Disclosure Statement DenSco Non-Workout Loans to Menaged as of 7/28/16	RECEIVER_001338 – 001339
962.	12/18/13	Clark Hill PLC – Daniel Schenck bio	RECEIVER 001340 – 001342

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
963.	9/23/13	Clark Hill David Beauchamp member info	RECEIVER 001343 – 001345
964.	Various	Receiver's communications with Investors	RECEIVER_001346 – 001497
965.	3/25/13	Deed of Trust on Andrew Lane property	RECIEVER 001308 – 001319
966.	Various	Recorded Documents for Colonial Drive and Messner Way	RECEIVER 001539 - 001548
967.	8/12/16	Heuer email to Investors	RECEIVER 001549 - 001551
968.	1/24/12	Chittick email thread with Heuer	RECEIVER 001552 - 001553
969.	2011	1099 Int. Calculation	RECEIVER 001554
970.	4/1/12	Chittick email to Koehler	RECEIVER 001555
971.	4/1/12	Statement Spreadsheet	RECEIVER 001556
972.	12/31/11	Chittick email to Nihad Hafiz	RECEIVER 001557 - 001558
973.	8/3/12	Chittick, Heuer and Matt Gallaher email thred	RECEIVER 001559 - 001660
974.	3/31/15	Chittick email to Heuer	RECEIVER 001661
975.	11/29/15	Chittick email to Koehler	RECEIVER 001562
976.	11/29/15	Statement Spreadsheet	RECEIVER 001563
977.	3/31/15	Chittick email to Koehler	RECEIVER 001564
978.	3/31/15	Statement Spreadsheet	RECEIVER 001565
979.	10/13/16	Sifferman letter to Anderson	RECEIVER 001566 - 001573
980.	Various	3 - Engagement Agreements	RECEIVER 001574 - 001590
981.	Various	Densco Statement Spreadsheets	RECEIVER 001591-001628
982.	Various	Receiver's Reports	RECEIVER 001629-001711
983.	Various	Receiver Communications with Chittick Estate	RECEIVER 001712-002517
984.	3/25/13	Civil Court Case Information - Case History CV2013-092630	UN NUMBERED
985.	6/21/18	Beauchamp's Responses to First Set of Non-Uniform Interrogatories	UNNUMBERED
986.	3/08/18	Declaration of Mark T. Hiraide	UNNUMBERED
987.	6/22/17	Clark Hill letter and two proofs of claims filed with Receiver	UNNUMBERED
988.		State Bar of Arizona Rules of Professional Conduct ER 1.3	UNNUMBERED
989.		State Bar of Arizona Rules of Professional Conduct ER 1.2	UNNUMBERED
990.	10/20/16	Rule 2004 Examination of Scott Menaged Transcript	UNNUMBERED
991.	07/18/18	DeWulf cover letter with Beauchamp signed Verifications	UNNUMBERED

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
992.	8/17/16	ACC's Memorandum of Points and Authorities in Support of Application for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
993.	8/18/16	Reporter's Transcript of Digital Recording	UNNUMBERED
994.	8/18/16	Notice of Appearance on behalf of Personal Representative	UNNUMBERED
995.	8/18/16	Recommendations re Receiver and Attorney Client Privilege	UNNUMBERED
996.	9/16/16	Receiver's Preliminary Report	UNNUMBERED
997.	10/13/16	Letter from M. Sifferman to R. Anderson re files transferred	UNNUMBERED
998.	12/23/16	Receiver's Status Report	UNNUMBERED
999.	8/17/16	Motion for Expedited Hearing for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
1000.	8/17/16	Application for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
1001.	8/17/16	Verified complaint of Arizona Corporation Commission ("ACC") against DenSco Investment Corporation	UNNUMBERED
1002.	3/09/18	Defendants' Initial Rule 26.1 Disclosure Statement	UNNUMBERED
1003.	10/24/16	Gammage & Burnham Confidential Privilege Log	UNNUMBERED ATT EYES ONLY
1004.	10/24/16	Gammage & Burnham Confidential Letter re privilege log	UNNUMBERED ATT EYES ONLY
1005.	10/24/16	Gammage & Burnham Privilege Log	UNNUMBERED ATT EYES ONLY
1006.	6/07/18	Defendants' Notice of Non-Parties at Fault	UNNUMBERED
1007.	7/xx/16	Transcript of Recorded Conversation between D. Chittick and S. Menaged	UNNUMBERED

Plus all marked deposition exhibits

# Exhibit F

# DENSCO BOX INVENTORY

BOX #	CONTENTS	SOURCE	LOCATION	COMMENTS
1	<b>12/28/11 – 2/21/12; Loan files:</b> 2945, 3033, 2948, 2828, 28883026, 3027, 2815, 2863, 2534, 2936, 2553, 2711, 2874, 2656, 2785, 3045, 2829, 2965, 2438, 2779, 2870, 3048, 3037, 2703, 2906, 2970, 2821, 2662, 3004, 2995, 2996, 2841, 2096, 2967, 2947, 1576, 2810, 2918, 2926, 2879, 3050, 3068, 2684, 2781, 2956, 2948, 2984, 2954, 2737, 2975, 2880, 3105, 2985, 2911, 2902, 3075, 3047, 2699, 2912, 2834, 2891, 1844, 2959, 2864, 2969, 3015, 2916, 2861, 2894, 2929, 2966, 3009, 2901, 3013, 2968, 3032, 2937, 3042, 2913, 2795, 2100, 2875, 2964, 2811, 2910, 3096, 2792, 3138, 3002, 2904, 3124, (3), 3134, 2974, 3069, 3110, 3029, 3034, 3074, 3088,3123, 2976, 2943, 2972, 3099, 3053, 2773, 2931, 3041, 3089, 2798, 3055, 2997, 2987, 2941, 2988, 2796, 2777, 3007, 3064, 2722, 2899, 2963, 3135, 1273, 1155	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
2	<b>2/12/12 – 4/16/12; Loan files:</b> 2497, 2849, 2919, 3149, 2958, 2923, 2807, 3713, 2867, 2971, 2896, 2917, 3067, 3125, 3146, 3025, 3001, 2900, 3054, 3178, 3144, 3164, 2979, 3011, 3060, 3006, 3201, 3183, 2933, 3019, 3030, 3100, 3197, 3197, 3119, 2761, 2778, 3061, 3091, 3106, 3031, 3185, 2846, 2686, 3018, 3059, 3184, 2767, 3012, 3005, 3079,3218, 2939, 3228, 2977, 2739, 2994, 3003,3243, 2961, 3205, 3148, 3165, 3241, 2951,2905, 3070, 3080, 3090, 3151, 1877, 3056,3078, 2990, 2766, 3101, 3215, 2481, 3035, 3000, 3020, 3103, 3010, 3077, 3081, 3258, 2696, 2585, 3071, 2942, 3040, 2876, 2877, 3039, 3083,3162, 3169, 2909, 3121, 3057, 2685, 2868, 3122, 3242, 3058, 3166, 2915, 3200, 3128, 3272, 2490, 2791, 3186, 3204, 3076, 3098, 3176, 3232, 3036	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
3	<b>4/16/12 – 5/17/12; Loan files:</b> 3245, 2153, 2416, 2419, 3262, 3156, 3107, 3139, 3085, 3136, 1157, 1178, 1181, 1177, 3063, 3120, 3086, 2670, 3046, 3102, 3207, 3167, 3320, 3073, 2052, 1862, 3051, 3300, 3234, 3132, 3087, 3239, 2742, 3232, 3266, 2802, 3203, 3159, 3292, 2921, 1132, 1140, 1079, 1235, 1236, 3084, 3062, 2185, 3140, 3117, 3225, 3093, 3044, 3180, 3227, 3355, 3143, 3280, 3255, 3212, 3193, 2035, 2940, 3072, 2908, 2992, 2748, 2757, 2831, 2848, 3065, 2934, 2477, 3155, 3224	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
4	<b>5/18/12 – 7/13/12; Loan files:</b> 3226, 3209, 3130, 3181, 3305, 3157,, 3137, 3254, 3381, 3253, 3315, 3223, 3142, 3214, 2726, 3189, 2454, 3175, 3369, 3316, 2452, 3172, 3270,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

4	<p>3154, 3267, 3244, 3229, 3373, 3375, 3396, 3170, 3372, 3097, 3160, 3153, 3303, 3393, 3179, 3168, 3363, 3399, 3269, 3317, 3264, 3174, 3419, 3246, 3362, 3330, 3238, 3271, 3353, 2989, 3297, 2291, 3161, 3427, 3411, 3021, 3324, 3265, 3158, 3082, 3095, 3360, 3334, 3293, 3291, 3387, 3263, 2808, 3342, 3344, 3108, 3304, 3314, 3206, 3391, 3339, 3318, 3028, 2112, 2538, 3453, 3182, 3279, 3252, 3022, 3316, 3431, 3309, 3374, 3152, 3259, 3199, 3402, 3290, 3177, 2330, 2622, 3306, 3163, 3231, 3376, 2539, 2367, 2062, 2518, 3329, 3385, 3405, 3442, 3461, 3240, 3115, 3397, 3129, 3415, 3287, 2587, 3413, 3418, 3331, 3476 (File contains Deed for Sammy Gullate -see 3331), 3365, 3484, 3194, 3049, 3235, 2180, 3276, 3384</p>			
5	<p><b>7/16/12 – 9/19/12; Loan files:</b> 3504, 3371, 3513, 3302, 3438, 3313, 3133, 3483, 3310, 3126, 3343, 3321, 3340, 3261, 3357, 3257, 3416, 2244, 2643, 3328, 3482, 2618, 3023, 3346, 3301, 3503, 3358, 3341, 3141, 3116 3401, 3345, 3480, 3248, 3422, 3547, 3187, 3213, 3354, 3394, 3389, 3288, 3409, 3410, 3407, 2704, 3379, 3528, 3383, 3289, 3111, 3435, 1107, 2944, 3516, 3573, 3388, 3403, 3567, 3406, 3556, 3424, 3517, 3188, 3452, 2938, 3333, 3536, 3016, 3382, 3312, 3298, 3608, 3440, 2544, 2727, 1898, 3359, 3514, 3325, 1972, 3367, 3578, 3217, 3208, 3612, 3619, 3247, 3592, 3443, 3192, 3534, 3323, 3433, 3479, 3501, 3460, 3595, 3475, 3557, 3361, 1660, 3524, 3561, 3523, 3629, 3609, 3319, 3586, 3620, 3529, 3066, 3127, 3370, 3604, 3506, 3597, 3515, 3637, 3398, 3565, 3481, 3421, 3596, 3425, 3628, 2530, 2467, 2442, 3615, 3338, 3432, 3446, 3474, 3509, 3458, 3527, 3512, 3563, 3335, 3593, 3611, 3634, 3094</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	
6	<p><b>9/19/12 - 11/6/12; Loan files:</b> 3522, 3462, 3525, 3659, 2600, 3568, 3660, 3400, 3249, 3250, 3566, 3677, 3308, 3421, 2229, 3579, 3486, 3550, 3485, 3459, 3386, 3562, 2825, 3092, 2682, 3471, 3221, 3544, 3445, 3669, 3377, 3603, 3695, 3439, 3696, 3356, 3519, 3684, 2221, 2222, 2224, 2230, 3420, 3591, 3655, 2219, 2220, 2223, 2225, 2226, 2227, 2228, 2231, 3530, 3626, 3468, 3587, 3654, 3191, 3548, 3664, 3683, 3670, 3008, 3456, 3546, 3390, 3538, 931 (Very full folder containing numerous documents including attorney correspondence regarding foreclosure/trustee sale, DenSco statements and invoices. Duplicate in 3747), 3617, 3531, 3743, 3210, 3518, 3751, 3737, 3734 (Correspondence from Denny</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	<p>Chittick regarding conditional approval for hard money loan in the amount of \$105,000.00 from DenSco), 3552, 3236, 3639, 3237, 3758, 3745, 3457, 3532, 3454, 3551, 3621, 3614, 3651, 3590, 3392 (Correspondence from Denny Chittick regarding explanation of payment breakdown for note), 1864, 1920, 2702, 3774, 3575, 3605, 3773, 3679, 3646, 3630, 3268, 3782, 3564, 3725, 3632, 3423, 3426 (Correspondence from Denny Chittick regarding conditional approval for hard money loan in the amount of \$100,000.00 from DenSco), 3710, 3722, 3652, 3256, 3311, 3472, 3653, 3463, 3667, 3723, 3747, 3744, 3428, 3636, 3649, 3701, 3715, 3451, 3675, 3444</p>			
7	<p><b>11/7/12 – 12/24/12; Loan files:</b>3507, 3464, 3542, 3467, 3811, 3661, 3673, 3322 (Deed of Trust notarized by Ranasha Chittick. Two notes: one for \$15,000 and one for \$30,000), 3540, 3220, 3624,3584, 3718, 3733, 3404, 3539, 3582, 3685, 2606, 3588, 3803, 3281, 1527, 1476, 2319, 1473, 1513, 2445, 1512,1525, 1456, 1658, 1514, 2413, 2156, 2671, 3691, 3731, 3690, 1832, 3224, 3607, 3347, 3571, 3837, 3794, 3757, 3776, 3756, 3640, 2744, 2683, 3840, 3491, 3492, 3493, 3494, 3495, 3496, 3497, 3498, 855, 3692, 3643, 2850, 3801, 3849, 3508, 3616, 3337, 3784, 3644, 3674, 3766, 3553, 3662, 3777, 3792, 3716, 3816, 3823, 3466, 3285, 3589, 1055, 3470, 3533, 3656, 3606, 3510, 3307, 3352, 3434, 3545, 3805, 3717, 3441, 3645, 3824, 3702, 3796, 1101, 3711, 3874, 3740, 3698, 3505, 3580, 3765, 3694, 3822, 3767, 3631, 980, 3860, 3833, 3682, 3844, 3477, 3693, 3857, 3748, 3502</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	
8	<p><b>12/24/12 – 2/25/13; Loan files:</b>3763, 3841, 3720, 3704, 3705, 3706, 3707, 3769, 3909,3450, 3635, 3862, 3623, 3469, 3895, 3489, 3672, 3785, 3676, 3911, 3754, 3753, 3869, 3879, 3915, 3650, 3818, 3712, 3888, 3793, 3858, 3746, 3852 , 3804, 3526, 3923, 2674, 3688, 3226, 3859, 3812, 3762, 3511, 3918, 3671, 3732, 3647, 3799, 3864, 3831, 3633, 1226, 3912, 3819, 3764, 3687, 2713, 3742, 3795, 3721, 3663, 3727, 3750, 3395, 3455, 3979, 3150, 3735, 3943, 3974, 3658, 3052, 3686, 3689, 3789, 3853, 3761, 3775, 3813, 3484, 3966, 3714, 3884, 3638, 3408, 4007, 2607, 3962, 3783, 3845, 3968, 3719, 3856, 3786, 3865, 3807, 3797, 3832, 3847, 3986, 3991, 3985, 4024, 3949, 3851, 2948, 4028, 3738, 3114, 3336, 3648(4), 3919, 3788, 3980, 3820, 3839, 3038, 3876, 2351,</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	



	2486, 2627, 2729, 2893, 2920, 3043, 3118, 3196, 3380, 3594, 3274, 3543, 3598, 3559, 3602, 3599, 3599, 3577, 3558, 3559, 4009, 3953, 3941, 3826, 3961, 3846, 3627, 3772, 3697, 3972, 3541, 3806, 3843, 3827, 4002, 3901			
9	<b>2/25/13 – 4/17/13; Loan files:</b> 3873, 3760, 3965, 3877, 4014, 3908, 3993, 1710, 3932, 3834, 3892, 3970, 3863, 3880, 3678, 2697, 3861, 3821, 3870, 3759, 1714, 2597, 3838, 3865, 3910, 3945, 4012, 3741, 4082, 3899, 3730, 2321, 3808, 3809, 3900, 4048, 3447, 3855, 3940, 3866, 3791, 4114, 3798, 4018, 3978, 4098, 3988, 3982, 4123, 4073, 3112, 3273, 3326, 3412, 3448, 3787, 3700, 3867, 3921, 3939, 4010, 4049, 3657, 3286, 2960, 2980, 2986, 2885, 3251, 3771, 3728, 4064(4), 4059, 2604, 4000, 4021, 3854, 3282, 3950, 2609, 3109, 3574, 3955, 4042, 3969, 3668, 4119, 3937, 3713, 3585, 3830, 4025, 3708, 4065, 3891, 3917, 3872, 3989, 3749, 3825, 3960, 3928, 4040, 3570, 3709, 3729, 4005, 4173, 3893, 2507, 3790, 1757, 1758, 3755, 4057, 3963, 3583, 3938, 3897, 4155, 4143, 2749, 3535, 3815, 4126, 4026, 4172, 4154, 4164, 3930, 4072, 4108, 4107, 3878, 3944, 4186, 4178, 3903, 3954, 3473, 3886, 3904, 3906, 4062, 4171, 3905, 3554, 4050, 4121, 4008	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
10	<b>4/8/13 – 6/21/13; Loan files:</b> 4182, 2710, 2854, 2981, 3113, 4075, 3284, 4145, 3368, 3625, 3680, 3699, 3907, 4175, 3681, 3332, 3275, 4135, 3572, 3973, 4120, 4088, 4001, 3922, 4218, 4041, 3925, 4016, 4251, 3875, 4248, 3890, 4036, 4165, 3299, 4124, 4097, 3896, 3569, 4223, 4054, 3916, 3964, 3983, 4156, 3951, 4198, 4151, 4015, 3971, 4127, 4047, 4079, 4163, 4149, 4273, 4056, 4141, 4150, 3924, 4091, 4242, 4202, 4176, 3549, 3931, 4246, 4159, 4058, 4045, 3131, 4039, 4031, 4262, 3936, 4184, 3622, 4239, 4265, 4023, 4254, 4139, 4133, 4285, 4046, 3902, 4250, 4236, 3958, 4022, 4144, 4213, 4257, 4174, 4013, 4086, 4283, 4089, 4085, 3881, 4296, 3956, 4261, 3802, 4222, 4331, 4304, 4169, 4263, 4235, 4298, 4320, 3465, 4209, 4110, 4084, 4029, 3836, 2516, 2608, 4131, 4161, 4258, 4168, 4293, 4203, 4100, 4249, 4316, 4055, 4334, 4315, 4192, 4166, 4336, 4226, 4157, 4195, 3942, 4197, 3946, 4125, 4052, 4177, 4112, 4264, 4260, 4158, 2993, 4297, 4299, 4306, 4269, 4188, 4295, 4037	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
11	<b>6/21/13 – 8/20/13; Loan files:</b> 3934, 4138, 3195, 4167, 4340, 4355, 4074, 4354, 4102, 4329, 4187, 4267, 4189, 4326, 4204, 4132, 4051, 4179, 3995, 3752, 4343, 4066, 2168,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	2169, 3437, 3230, 3222, 3277, 3436, 4272, 3211, 3219, 4327, 4115, 4407, 3449, 4374, 4375, 3429, 4380, 4348, 4216, 4396, 4117, 4376, 4194, 3278, 4244, 4256, 4220, 4290, 3920, 4104, 4083, 4377, 4087, 4099, 4433, 3780, 4324, 4207, 1584, 1728, 1744, 1922, 2184(2), 2483, 2514, 2517, 2535, 2549 (Per county website, correct address is 27128 N Desert Sky Rd, Florence, AZ 85132), 2595, 2596, 2598, 2599, 2601, 2602, 2603, 2605, 2824, 4080, 4369, 4370, 4268, 4053, 4305, 4111, 4333, 4328, 4371, 4402, 4181, 4217, 4078, 4221, 4214, 4427, 3871, 4441, 4366, 4330, 4071, 4063(2), 4226, 3537, 4076, 3990, 4363, 4368, 4134, 4443, 4101, 4311, 4401, 3781, 3366, 4403, 4404, 4323, 3768, 3894, 4435, 4420, 4496, 4449, 4332, 4521, 4414, 4520, 4526, 4480, 3842, 4346, 3935			
12	<b>8/20/13 – 11/7/13; Loan files:</b> 4349, 4517, 4310, 4527, 4199, 4437, 4210, 4301, 4389, 4387, 4225, 4234, 4485, 4466, 4365, 4442, 4070, 4245, 4240, 4428, 4439, 4479, 4142, 4170, 4383, 4274, 4351, 3981, 4190, 4219, 4399, 4547, 4364, 4453, 4309, 4448, 4279, 4551, 4317, 4317, 3665, 4277, 4461, 4113, 4325, 4507, 4362, 4469, 3302, 3260, 3478, 3613, 4347, 4103, 4237, 4162, 4291, 4552, 4559, 4406, 4224, 4415, 4425, 4067, 3996, 4137, 4353, 4436, 4312, 3576, 4183, 4548, 4282, 4535, 3931, 4560, 4596, 4339, 4457, 4092, 4200, 4372, 4613, 3967, 4499, 4030, 4445, 2528, 2743, 2914, 3017, 3147, 3198, 3581, 4467, 4468, 4470, 4471, 4472, 4473, 4474, 4475, 4476, 4477, 3145, 4382, 4614, 4647, 4044, 4424, 4565, 4581, 4345, 4191, 4478, 4498, 4587, 4440, 4275, 4558, 3739, 4538, 4638, 4575, 4458, 2268, 4252, 4208, 4356, 4357, 4358, 4359, 4360, 1270, 4206, 4447, 4654, 4463, 4464, 4549, 4153, 3294, 4533, 4462	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
13	<b>11/7/13 – 12/16/13; Lon files:</b> 433, 434, 1788, 4394, 4593, 4594, 4595, 4550, 3499, 3500, 4193, 4193, 2629, 4060, 4192, 4292, 4493, 4492, 4646, 4270, 4148, 4582, 4379, 4681, 4278, 4632, 4561, 4586, 4570, 4302, 3487, 4390, 4705, 4695, 4603, 4388, 4542, 4716, 4566, 4572, 4679, 4667, 4668, 4321, 4392, 4451, 4502, 4641, 4583, 4571, 4019, 4455, 4215, 4525, 4068, 4160, 4511, 4606	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
14	<b>12/16/13 – 3/3/14; Loan files:</b> 4648, 4713, 4465, 3800, 4734, 4706, 4488, 4601, 4529, 4704, 4398, 4608, 4633, 4707, 4745, 4423, 4564, 4510, 4494, 4378, 4580, 4661, 4673, 4746, 4747, 4750, 4631, 4460, 3898, 4786, 4767, 3618, 4350, 4563, 3520, 4489, 4748, 4751, 4752, 4676, 4772, 4773, 4774, 4775,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	4528, 4621, 4318, 4543, 4798, 4450, 4809, 4702, 4284, 4757, 4650, 4749, 4490, 4685, 4784, 4418, 4577, 4657, 4555, 4733, 4793, 4680, 4294, 4778, 4649, 4639, 4813, 4588, 4712, 4800, 4756, 4787, 4818, 4682, 4286, 4686, 4610, 4781, 4768, 4807, 4429, 4766, 4577, 4726, 4678, 4497, 4413, 4827, 4830, 4769, 4805, 4683, 4709, 4255, 4090, 4531, 4721, 2922, 4600, 4830, 4760, 4836, 4691, 4867, 4814, 4694, 4868, 4770			
15	<b>3/3/14 – 4/21/14; Loan files:</b> 4612, 4817, 4623, 4799, 4869, 4211, 4861, 4605, 4096, 4303, 4808, 4105, 4875, 4335, 4823, 4811, 4736, 4567, 4651, 4866, 4842, 4835, 4653, 4850, 4693, 3641, 4763, 4844, 4412, 4735, 4826, 4909, 4810, 4271, 4883, 4851, 4337, 4762, 4854, 4742, 4664, 4568, 4896, 4892, 4615, 4862, 4927, 4893, 4341, 4728, 4537, 3889, 4825, 4939, 4928, 4140, 4432, 4675, 4597, 4855, 4518, 4932, 4655, 4720, 4900, 4880, 4456, 4743, 4692	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
16	<b>4/21/14 – 5/30/14; Loan files:</b> 4666, 4677, 4973, 4576, 4936, 4960, 4609, 4961, 3349, 4708, 4553, 4739, 4986, 4006, 4820, 4886, 4987, 3770, 5032, 5049, 4486, 4821, 4821, 4792, 5023, 4590, 5095, 4522, 5067, 4400, 4405, 5038, 4067	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
17	<b>5/30/14 – 7/11/14; Loan files:</b> 4629, 4491, 5138, 4620, 4620, 4940, 4848, 4874, 4947, 4838, 4968, 4901, 4725, 4834, 4980, 4853, 4919, 1036, 4660, 5044, 4904, 4860, 4839, 4426, 5056, 5053, 4872, 4674, 3850, 5231, 2705	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
18	<b>7/12/14 – 8/15/14; Loan files:</b> 5239, 4833, 5000, 5108, 5008, 5072, 5192, 5193, 5194, 5195, 5196, 5197, 5198, 5161, 4837, 4231, 4782, 4847, 4951, 4914, 5154, 4794, 5356, 5404, 4942, 4897, 4515, 5223, 3351, 4416, 4765, 4915, 5120, 5171, 5244, 5386, 4741, 4764, 5257, 5087	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
19	<b>8/15/14 – 9/26/14; Loan files:</b> 5553, 5555, 5562, 5560, 5163, 5545, 5554, 5547, 5550, 5561, 5532, 5548, 5540, 5541, 5531, 5542, 5546, 5549, 5522, 5530, 5520, 4779, 5533, 5502, 5535, 5534, 5512, 5504, 5529, 5243, 5264, 5079, 5285, 5409, 4943, 5068, 5114, 5146, 4802, 4803, 4761, 5418, 4367, 5281, 5315, 5316, 5332, 5037, 5536, 4723, 5355, 5271, 5398, 5539, 5190, 5208, 5527, 5354	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
20	<b>9/29/14 – 11/3/14; Loan files:</b> 5107, 3947, 5189, 5277, 4852, 4622, 5590, 4259(2), 5162, 5270, 5589, 5563, 5314, 4698, 5045, 5410, 5679, 4724, 4717, 5242, 5475, 5186, 3779, 3350, 3327, 5031, 4640, 5222, 3778, 5634, 5635, 5097, 5588, 3348, 5424, 5377, 5241, 5603, 5325, 4714	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

21	<b>11/4/14 - 12/15/14; Loan files:</b> 4990, 5018, 3378, 5517, 5429, 5452, 5191, 5701, 5765, 5544, 5741, 5096, 5088, 5543, 4634, 4635, 5672, 5526, 5155, 4128, 5438, 5623, 5556, 5624, 5678, 5751, 5207, 4506, 5801, 5569, 5240, 5326, 5474, 4801, 5881, 5625, 5842, 5813, 5480, 5469, 3555, 4212	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
22	<b>12/16/14 – 1/30/15; Loan files:</b> 5815, 5816, 5807, 5819, 5821, 5824, 5828, 5840, 5827, 5825, 5822, 5853, 4645, 5832, 5833, 5848, 4663, 5845, 5847, 5858, 5849, 5851, 5850, 5071, 5864, 5863, 5857, 5855, 5856, 5871, 5865, 5862, 5861, 5872, 5500, 5879, 5091, 5922, 5938, 5940, 5887, 5912, 5886, 5885, 5868, 5869, 5870, 5873, 5876, 5878, 5898, 5936, 5883, 5941, 5877, 5882, 5884, 5890, 5926, 5935, 5915, 5891, 5931, 5889, 5916, 5893, 4501, 5923, 5943, 5895, 5901, 5939, 5911, 5894, 5913, 5897, 5909, 5416, 5907, 5908, 5951, 5899, 5903, 5904, 5900, 5905, 5910, 5958, 5930, 5946, 5953, 5956, 5948, 5906, 5952, 5924, 5920, 5925, 5942, 5921, 5932, 5934, 5947, 5914, 5949, 5960, 5963, 5962, 5967, 5969, 5955, 5964, 5959, 5970, 5968, 5971, 5972, 5973, 5974, 5977, 5982, 5980, 6000, 5954, 5978, 5979, 5961, 5976, 5992, 5989, 5981, 5985, 5986, 6002, 5999, 6001, 6025, 5983, 6004, 4845, 4616, 6008, 6010, 6007, 5991, 5998, 6006, 5984, 5997, 5994, 5993, 5990, 5996, 6014, 6015, 6021, 6022, 6026, 4338, 4129, 3976, 3913, 4027, 4034, 5367, 5224, 5537, 5731, 4281, 5706, 5613, 5927, 5607, 5516, 5919, 5764, 5514, 5557, 5596, 5712, 5727, 5892, 5121, 5758, 5700, 5716, 5987, 5805, 4891, 6078, 5823	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
23	<b>1/30/15 – 3/5/15; Loan files:</b> 5496, 5501, 5595, 5945, 6080, 5995, 5880, 5846(2), 4602, 5614, 6019, 5875, 5874, 5055, 4421, 6152, 6144, 4408, 6100, 6093, 5001, 5929, 4247, 6027, 6009, 4081, 3703, 5637, 5854, 5859, 6079, 5812	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
24	<b>3/6/15 – 4/22/15; Loan files:</b> 6228, 6203, 6212, 6210, 4625, 6204, 6208, 6234, 6217, 6209, 6227, 6225, 6215, 6214, 6211, 6216, 6224, 6233, 6235, 6221, 6226, 6219, 6218, 6249, 6220, 6232, 6231, 3810, 6239, 6241, 6265, 6250, 6255, 6252, 6253, 6254, 6263, 6279, 6276, 6245, 6284, 6283, 6282, 6261, 6260, 4410, 6262, 6291, 6264, 6268, 6267, 6289, 6273, 6270, 6303, 6271, 6286, 6266, 6272, 6287, 6290, 6281, 6294, 6292, 6305, 6293, 6306, 6302, 6307, 6304, 6329, 6327, 6338, 6328, 6330, 6331, 6332, 6369, 6370, 6371, 6376, 6158, 6169, 6175, 6176, 6156, 5262, 6168, 6177, 6179, 6178, 6191, 6188, 6192, 6193, 6185, 6184, 6187, 6196, 6199,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6183, 6195, 6197, 6206, 6189, 6200, 6256, 6238, 6246, 6242, 6240, 6054, 6251, 6348, 6247, 6257, 6259, 6258, 6278, 6277, 6280, 6300, 6298, 6297, 6315, 6301, 6296, 6299, 6288, 6295, 6316, 6347, 6309, 6312, 6311, 6313, 6308, 6319, 6317, 6323, 6318, 6326, 6324, 6321, 6310, 6320, 6322, 6333, 6336, 6335, 6341(2), 6342, 6343, 6344, 6339, 6367, 3994, 4004, 4035, 4352, 6223, 4230(2), 5736, 5917, 5866, 6045, 6037, 4759, 5975, 4831, 2436, 6198, 4697, 5918, 4452, 4701, 6202, 6174, 5896, 5965, 6146, 5933, 4630, 6275, 4829, 6134			
25	<b>4/22/15 – 6/2/15; Loan files:</b> 6368, 6374, 6375, 6373, 6359, 6377, 6360, 6361, 6358, 6356, 6352, 6353, 6354, 6355, 6345, 6346, 6348, 6351, 5597, 6366, 6363, 6365, 6390, 6362, 6381, 6398, 6395, 6384, 6382, 6394, 6385, 6383, 6357, 6396, 6397, 6166, 6387, 6386, 6389, 6388, 6393, 6401, 6399, 6400, 6404, 6406, 6407, 6405, 6403, 6479, 6424, 6425, 6410, 6426, 6428, 6427, 6423, 5357, 6408, 6411, 6402, 6409, 6413, 6421, 6417, 6420, 6412, 6480, 6432, 6431, 6430, 6416, 6415, 6422, 6429, 6236, 6442, 6451, 6438, 6435, 6436, 6437, 6441, 6444, 6440, 6443, 6446, 6455, 6450, 6439, 6470, 6471, 6447, 6454, 6456, 6449, 6448, 6463, 6476, 6488, 6494, 6461, 6474, 6469, 6462, 6464, 6473, 4652, 6487, 6468, 6477, 6478, 6500, 6472, 6485, 6484, 6507, 6493, 6495, 6486, 6491, 6506, 6492, 6496, 6124, 6497, 6498, 6499, 6508, 6510, 4438, 6501, 6504, 6505, 6523, 6529, 6509, 6502, 6503, 6522, 4508, 6070, 4422, 6516, 6511, 6512, 4637, 6534, 6537, 6536, 6535, 6533, 6519, 6517, 4229, 4322, 3829, 4033, 4069, 4109, 6350, 6391, 3992, 4758, 6035, 5888, 6445, 6489, 5988, 5302, 5843, 6378, 5651, 6167, 6222, 6314, 6088, 5950, 6482, 4815, 5937, 6285, 4205(4)	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
26	<b>6/2/15 – 7/17/15; Loan files:</b> 3977, 4116, 3957, 4308, 1192, 3998, 6544, 6518, 6513, 6515, 6538, 6514, 6531, 6525, 6524, 6521, 6520, 6539, 6530, 6550, 6528, 6527, 6526, 6571, 6558, 6541, 6547, 6554, 6540, 6542, 6551, 6545, 6548, 6540, 6552, 6543, 6562, 6555, 6557, 6563, 4540, 6568, 6556, 6560, 6559, 6561, 6564, 6570, 6566, 6567, 6569, 6565, 6604, 6575, 6573, 6574, 6578, 6087, 6577, 6576, 6580, 6590, 6115, 6584, 6587, 6581, 6582, 6579, 6593, 6586,, 6597, 6591, 6592, 6583, 6591, 6603, 6647, 6600, 6595, 6611, 6612, 6165, 6615, 6598, 6602, 6599, 6606, 6613, 6610, 6619, 5004, 6605, 6616, 6617, 6623, 6608, 6607, 6609, 6614, 6618, 6621, 6633, 6620, 6622, 6624, 6626, 6627,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6628, 6629, 6635, 6207, 6634, 6632, 6641, 6639, 6643, 6642, 6644, 6638, 6636, 6640, 6648, 6650, 6646, 6652, 6649, 6653, 6645, 6651, 6656, 6657, 6637, 6673, 6671, 6661, 6658, 6659, 6662, 6660, 6663, 6664, 6675, 6190, 6674, 6676, 6681, 6667, 6666, 6665, 6668, 6669, 6678, 6679, 6680, 6770, 6672, 6690, 6684, 6683, 6682, 6686, 6687, 6685, 6692, 6694, 4500, 6689, 6688, 6695, 6646, 6693, 6018, 6453, 6334, 5902, 6229, 6372, 5831, 6181, 6379, 6419, 6433, 6452, 6434, 6458, 6457, 6003, 6145, 6414, 6012, 5362, 6490, 6380			
27	<b>7/20/15 – 9/1/15; Loan files:</b> 6698, 6700, 6710, 6697, 6699, 6730, 6742, 6705, 6703, 6701, 6702, 6720, 6709, 6714(2), 6704, 6707, 6713, 6712, 6708, 6711, 6724, 6718, 6716, 6724, 6717, 6719, 6715, 6725, 6723, 6722, 6726, 6728, 6727, 6201, 6743, 6738, 6734, 6735, 6744, 6729, 6740, 6736, 6737, 6739, 6741, 6733, 6731, 6747, 6746, 6732, 6748, 6763, 6751, 6762, 6755, 6753, 6754, 6757, 6752, 6759, 6764, 6766, 6780, 6758, 6779, 6775, 6778, 6760, 6761, 6773, 6767, 6768, 6765, 6771, 6772, 6783, 6774, 6769, 6847, 6123, 6782, 6784, 6785, 6777, 6776, 6789, 6794, 6788, 6786, 6792, 6791, 6790, 6792, 6800, 6802, 6799, 6804, 6823, 6806, 6801, 6803, 6814, 6805, 6815, 6810, 6820, 6807, 6812, 6813, 6821, 6822, 6811, 6824, 6827, 6825, 6832, 6833, 6838, 6826, 6828, 6835, 6830, 6829, 6831, 6834, 6836, 6839, 6841, 6858, 6848, 6842, 6840, 6843, 6880, 6849, 6859, 6867, 6844, 6885, 4642, 6891, 6909, 6911, 6913, 6846, 6920, 6914, 6853, 6857, 6910, 6856, 5966, 6855, 6854, 6895, 6900, 6871, 6865, 6862, 6894, 6864, 6889, 6890, 6863, 6868, 6888, 3959, 4343, 4093, 6392, 2857, 3295, 3296, 3490, 3642, 3984, 4106(6), 4276, 6787, 6798, 5537, 6816, 6588, 5636, 5054, 6243, 6817, 5694, 6837, 6460, 6818, 6182, 6572, 6585, 6325, 6866	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
28	<b>9/25/15 – 10/14/15; Loan files:</b> 6873, 6879, 6878, 4687, 4444, 6875, 6869, 6876, 6877, 6885, 6870, 6882, 6881, 6883, 6884, 6897, 6901, 6887, 6915, 6896, 6898, 6898, 6893, 4684, 6908, 6899, 6904, 6902, 6903, 6907, 6905, 6922, 6941, 6918, 6926, 6906, 6912, 6936, 6929, 6930, 6919, 6921, 6949, 6932, 6934, 6916, 6917, 6923, 6928, 6937 6940, 6943, 6953, 6927, 6438, 6950, 6944 7001, 6933, 7006, 7005, 6939, 6935, 6942, 6951, 6954, 6947, 6945, 6946, 6960, 6958, 6974, 6970, 6962, 7007, 6961, 6948, 6952, 6956, 6955, 6959, 6984, 6967, 6965, 6957, 6966, 6971, 6972, 6981, 6964, 6976, 6973,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6969, 6977, 6978, 6975, 6987, 6992, 6979, 6980, 6988, 6989, 6982, 7000, 7002, 6996, 7003, 6983, 6985, 7013, 6986, 6990, 6991, 6997, 6999, 7008, 7014, 7015, 6994, 6995, 7017, 7026, 7011, 7012, 7010, 7009, 6998, 7004, 7016, 7021, 7024, 7018, 7020, 7022, 7019, 7037, 7032, 7031, 7033, 7027, 7025, 7023, 7029, 7035, 7028, 7030, 7038, 7034, 7052, 7036, 7039, 7040, 7042, 7051, 7046, 7060, 7047, 7048, 7043, 7043, 7049, 4361, 4253, 4241, 4130, 4118, 3999, 6924, 6459, 6677, 6349, 6475, 6230, 6756, 6036, 6601, 4999, 6654, 6237, 6594, 5574, 6886, 6274, 6797, 6892, 6872, 6244			
29	<b>10/14/15 – 11/30/15; Loan files:</b> 7050, 7044, 7045, 7054, 7058, 7053, 7055, 7067, 7063, 7057, 7061, 7056, 7062, 7059, 6269, 7074, 7066, 7064, 7070, 7072, 7065, 7071, 7069, 7073, 7079, 7077, 7068, 5867, 7076, 7082, 7081, 7084, 7080, 7082, 7075, 7078, 7091, 7086, 7085, 7097, 7090, 7089, 7083, 7109, 7107, 7099, 7093, 7095, 7096, 7094, 7087, 7101, 7103, 7100, 7108, 7104, 7102, 7106, 7110, 7105, 7113, 7114, 7112, 7116, 7098, 7119, 7120, 7118, 7122, 7132, 7133, 7124, 7127, 7136, 7121, 7125, 7134, 7130, 7131, 7137, 7126, 7129, 7138, 6546, 7140, 7139, 7153, 7151, 7159, 7157, 7142, 7144, 7162, 7156, 7158, 7154, 7166, 7145, 7143, 7155, 7147, 7150, 7152, 7141, 7146, 7160, 7161, 7163, 7665, 7164, 7172, 7167, 7169, 7170, 7174, 7180, 7181, 7173, 7175, 7178, 7176, 7179, 7177, 7191, 7195, 7182, 7196, 7192, 7193, 7194, 7197, 7198, 7183, 7188, 7189, 7186, 7184, 7190, 7185, 7216, 7224, 7203, 7215, 7201, 7204, 7226, 7217, 7206, 7213, 7223, 6213, 6819, 6851, 7117, 7148, 5928, 7088, 6094, 7115, 7171, 6655, 6750, 7128, 6553, 6968(2), 6630, 7135, 6963, 7149, 6749, 6631, 6465, 6466, 6467, 7168, 7207, 7242, 7289, 6670, 6861, 6874	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
30	<b>11/30/15 – 1/15/16; Loan files:</b> 7212, 7222, 7225, 7227, 7220, 7218, 7235, 7225, 7221, 7243, 7231, 7229, 7238, 7239, 7240, 7232, 7211, 7236, 7234, 7230, 7249, 7246, 7210, 7237, 7199, 7214, 7205, 7187, 7245, 7248, 7247, 7255, 7254, 7257, 7252, 7244, 7200, 7250, 7283, 7301, 7251, 7256, 7300, 7275, 7273, 7272, 7258, 7282, 7259, 7261, 7276, 7266, 7260, 7264, 7313, 7265, 7263, 7268, 7267, 7270, 7271, 7310, 7277, 7280, 7281, 7274, 7283, 7279, 7287, 7288, 7305, 7294, 7283, 7278, 7284, 7293, 7297, 7303, 7290, 7299, 7285, 7298, 7291, 7302, 7304, 7392, 7307, 7306, 7311, 7315, 7312, 7296, 7318, 7316, 7317, 7309, 7323, 7328, 7322,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	7321, 7325, 7327, 7324, 7326, 7333, 7331, 7329, 7332, 7334, 7330, 7335, 7336, 7348, 7349, 7361, 7341, 7337, 7340, 7344, 7338, 7339, 7363, 7346, 4755, 7357, 7347, 7356, 7355, 7354, 7345, 7353, 7351, 7362, 7352, 7350, 7358, 7368, 7369, 7370, 7371, 7360, 7364, 7365, 7367, 7376, 7374, 7381, 7372, 7379, 7378, 7384, 7373, 7375, 7377, 7380, 7383, 7409, 7385, 7394, 7386, 7390, 7392, 7398, 7389, 7405, 7388, 7391, 7382, 7393, 7387, 7404, 7431, 7396, 7397, 7399, 7411, 7408, 7407, 4395, 4384, 6850, 6931, 7241, 4699, 4700, 5327, 7209, 6852, 7366, 5047, 5525, 7111, 7427, 7426, 7269			
31	<b>1/15/16 – 3/4/16; Loan files:</b> 7402, 7416, 7418, 7414, 7410, 7412, 7395, 7403, 7417, 7415, 7430, 7413, 7424, 7432, 7419, 7420, 7423, 7422, 7401, 7406, 7438, 7436, 7439, 7435, 7429, 7428, 7440, 7450, 7451, 7445(2), 7444, 7452, 7434, 7433, 7437, 7443, 7447, 7448, 7449, 7442, 7446, 7441, 7458, 7456, 7454, 7359, 7453, 7455, 7457, 7464, 7462, 7463, 7461, 7468, 7466, 7476, 7474, 7467, 7460, 7465, 7479, 7472, 7469, 7475, 7470, 7498, 7484, 7478, 7481, 7480, 7493, 7477, 7483, 7489, 7482, 7485, 7487, 7486, 7522, 7509, 7488, 7492, 7473, 7524, 7528, 7529, 7517, 7512, 7520, 7495, 7491, 7494, 7506, 7496, 7501, 7500, 7507, 7503, 7499, 7490, 7505, 7504, 7527, 7526, 7523, 7508, 7518, 7516, 7513, 7519, 7511, 7510, 7502, 7531, 7541, 7534, 7530, 7521, 7525, 7547, 7637, 7542, 7638, 7535, 7536, 7548, 7640, 7550, 7549, 7559, 7544, 7555, 7546, 7545, 7573, 7566, 7551, 7558, 7557, 7569, 7567, 7543, 7556, 7554, 7570, 7568, 7588, 7560, 7576, 7574, 7572, 7577, 7571, 7565, 7575, 7580, 7585, 7589, 7578, 7581, 7579, 7582, 7591, 7594, 7583, 7584, 7586, 7599, 7593, 7595, 7590, 7587, 7597, 7596, 7600, 7598, 7606, 7615, 7603, 7605, 7614, 7604, 7607, 7608, 7610, 4280, 7425, 6691, 7515, 5944, 5957, 7343, 7533, 7601, 7563, 6781, 7319, 7295, 7514	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
32	<b>3/7/16 – 4/14/16; Loan files:</b> 7618, 7613, 7602, 7619, 7623, 7628, 7634, 7620, 7625, 7616, 7626, 7641, 7621, 7622, 7636, 7640, 7634, 7639, 7627, 7632, 7642, 7643, 7629, 7633, 7635, 7630, 7645, 7638, 7637, 7666, 7680, 7665, 7652, 7651, 7646, 7647, 7684, 7644, 7656, 7659, 7650, 7649, 7662, 7661, 7653, 7654, 7617, 7655, 7681, 7691, 7671, 7682, 7674, 7663, 7660, 7664, 7670, 7677, 7685, 7690, 7683, 7688, 7689, 7707, 7698, 7679, 7668, 7673, 7672, 7693, 7676, 7696, 7695, 7692, 7667, 7678, 7700, 7701, 7702,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	



	<p>7697, 7715, 7699, 7675, 7709, 7705, 7703, 7718, 7706, 7712, 7727, 7725, 7724, 7704, 7708, 7711, 7716, 7743, 7742, 7722, 7723, 7721, 7710, 7714, 7726, 7729, 7728, 7713, 7717, 7719, 7731, 7734, 7741, 7745, 7744, 7737, 7730, 7736, 7732, 7735, 7733, 7740, 7750, 7744, 7752, 7755, 7739, 7753, 7751, 7771, 7767, 7770, 7768, 7763, 7762, 7761, 7760, 7754, 7773, 7758, 7784, 7756, 7757, 7759(2), 7799, 7817, 7801, 7792, 7791, 7766, 7793, 7764, 6795, 7208, 6481, 7658, 7497, 7532, 7552, 7746, 6925, 7780 (File number lists 7780 on folder but 7581 on sheet), 7779 (File number lists 7779 on folder but 7580 on sheet), 7778 (File number lists 7778 on folder but 7579 on sheet), 7777 (File number lists 7777 on folder but 7578 on sheet), 7776 (File number lists 7776 on folder but 7577 on sheet), 7782 (File number lists 7782 on folder but 7583 on sheet), 7781 (File number lists 7781 on folder but 7582 on sheet), 7233, 7202, 5263, 6364, 7612, 7561, 6625, 7747, 7219, 7314, 6483, 7611, 4391, 7657, 7609, 7849</p>			
33	<p><b>4/15/16 – 6/13/16; Loan files:</b> 7765, 7800, 7812, 7786, 7775, 7783, 7772, 7769, 7790, 7794, 7774, 7789, 7787, 7785, 7816, 7796, 7797, 7806, 7818, 7788, 7811, 7810, 7808, 7807, 7802, 7803, 7804, 7805, 7814, 7813, 7809 (Discrepancy: New Bank Info sheet shows 3003 W Madison St. Mortgage sheet shows 3001 W Madison St.), 7815, 7824, 7828, 7828, 7798, 7825, 7826, 7821, 7820, 7819, 7830, 7831, 7829, 7827, 7833, 7834, 7843, 7841, 7865, 7832, 7838, 7847, 7835, 7848, 7846, 7836(2), 7845, 7842, 7858, 7861, 7840, 7837, 7872, 7857, 7859, 7862, 7864, 7850(3), 7860, 7844, 7856, 7869, 7868, 7866, 7867, 7863, 7870, 7871, 7877, 7873, 7876, 7879, 7888, 7895, 7884, 7883, 7874, 7875, 7880, 7887, 7885, 7886, 7898, 7881, 7896, 7878, 7893, 7894, 7900, 7892, 7903, 7891(2), 7904, 7902, 7906, 7905, 7882, 7909, 7907, 7913, 7908, 7910, 7901, 7899, 7922, 7917, 7915, 7911, 7921, 7912, 7928, 7925, 7919, 7931, 8037, 7914, 8011, 7916, 7918, 7927, 7943, 7924, 7947, 7923, 7920, 7956, 7935, 7934, 7930, 7937, 7936, 7938, 7933, 7926, 7948, 7950, 7940, 7941, 7929, 7957, 7945, 7954, 7942, 7944, 7953, 7960, 7962, 7949, 7951, 7946, 7955, 7952, 7963, 7959, 7961, 7958, 7967, 7968, 7969, 7971, 7970, 7966, 7976, 7977, 7975, 7980, 7972, 8013, 7973, 7974, 7979, 7978, 7746, 6860, 7421, 6993, 7852, 7564, 7890, 7648,</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	7889, 7839, 7631, 6589, 4788, 7308, 8020, 7562, 7669 (Duplicate in 6631. Discrepancy: New Bank Info sheet states 4807 N 84th Dr. Deed of Trust states 2607 W Sunrise Dr.), 7262, 6532, 6809			
34	<b>6/14/16 – End; Loan files:</b> 8015, 8002, 8006, 8033, 8001,, 8010, 7991, 7993, 8024, 7987, 7985, 7997, 7996, 7994, 7995, 8004, 7998, 7992, 7990, 7989, 7988, 8009, 8014, 8012, 8003, 7986, 7981, 7984, 7982, 7983, 7897, 8112, 7939, 8000, 8107, 7592, 7854, 7539, 7553, 7687, 7738, 7823, 7822	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
35	<b>10/10/08 – 1/29/09; Loan files:</b> 1331, 1223, 1294, 1354, 1226, 1349, 1216, 1289, 1328, 1332, 1365, 1298, 1382, 1224, 1318, 1327, 1230, 1329, 1374, 1341, 1233, 1333 1358, 1383, 1368, 1275, 1359, 1384, 1344, 1337, 1376, 1357, 1315, 1187, 1305, 1362, 1313, 1085, 1375, 1220, 1343, 1039, 1377, 1351, 1308, 1303, 1409, 1295, 1423, 1301, 1369, 1317, 1242, 1399, 1412, 1385, 1417, 1372, 1391, 1319, 1323, 1428, 1408, 1115, 1406, 1356, 1418, 1249, 1392, 1413, 1390, 1189, 1401, 1347, 1431, 1444, 1393, 1355, 1345, 1397, 1395, 1388, 1387, 1443	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
36	<b>2/2/09 – 4/30/09; Loan files:</b> 1430, 1340, 1380, 1386, 1441, 1272, 1352, 1378, 1353, 1435, 1434, 1193, 1363, 1370, 1455, 1415, 1461, 1465, 1411, 1471, 1436, 1360, 1404, 1405, 1389, 1290, 1367, 1371, 1437, 1394, 1428, 1361, 1410, 1487, 1454, 1459, 1348, 1469, 1481, 1479, 1462, 1477, 1496, 1373, 1474, 1381, 1486, 1493, 1497, 1312, 1509, 1449, 1268, 1491, 1432, 1504, 1429, 1488, 1379, 1494, 1457, 1501, 1398, 1447, 1284, 1502, 1346, 1400, 1296, 1448, 1197, 1478, 1529, 1536, 1419	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
37	<b>5/1/09 – 7/16/09; Loan files:</b> 1467, 1433, 1440, 1338, 1490, 1495, 1463, 1538, 1551, 1531, 1472, 1325, 1450, 1439, 1451, 1519, 1535, 1149, 1453, 1336, 1416, 1421, 1339, 1366, 1517, 1515, 1506, 1533, 1500, 1549, 1427, 1575, 1424, 1475, 1521, 1492, 1590, 1578, 1414, 1583, 1206, 1526, 1544, 1499, 1464, 1442, 1420, 1528, 1565, 1468, 1446, 1144, 1566, 1539, 1480, 1554, 1604, 1581, 1592, 1560, 1569, 1522, 1577, 1624, 1530, 1630, 1553, 1639, 1547, 1466, 1571, 1196, 1202, 1503, 1558, 1585, 1458, 1160	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
38	<b>7/16/09 – 9/29/09; Loan files:</b> 1151, 1542, 1559, 1094, 1234, 1489, 1574, 1621, 1605, 1487, 1141, 1606, 1194, 1601, 1145, 1552, 1616, 1598, 1636, 1628, 1612, 1618, 1516, 1402, 1619, 1615, 1240, 1593, 1642, 1422, 1483, 1609, 1661, 1518, 1131, 1679, 1452, 1330, 1641, 1655, 1689, 1562, 1460, 1586,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	1545, 1613, 1537, 1498, 1608, 1568, 1561, 1632, 1579, 1629, 1644, 1664, 1620, 1635, 1587, 1650, 1651, 1550, 1678, 1692, 1548, 1666, 1572, 1683, 1540, 1614, 1637, 1426, 1677, 1711, 1649, 1656, 1669, 1564, 1673, 1742, 1659, 1602, 1567, 1507, 1445, 1556, 1698, 1691, 1625, 1543			
39	<b>9/30/09 – 1/28/10; Loan files:</b> 1631, 1541, 1600, 1470, 1706, 1686, 1611, 1733, 1721, 1425, 1570, 1307, 1665, 1739, 1774, 1716, 1627, 1768, 1610, 1741, 1713, 1719, 1685, 1712, 1647, 1670, 1596, 1050, 1752, 1751, 1762, 1573, 1591(2), 1626, 1623, 1603, 1779, 1695, 1696, 1580, 1772, 1594, 1674, 1798, 1723, 1771, 1582, 1732, 1697, 1735, 1595, 1709, 1555, 1731, 1787, 1597, 1657, 1729, 1767, 1705, 1703, 1792, 1645, 1816, 1676, 1825, 1791, 1745, 1775, 1671, 1702, 1714, 1663, 1786, 1737, 1508, 1776, 1722, 1667, 1753, 1403, 1845, 1534, 1823, 1699, 1589, 1707, 1756, 1701, 1738, 1718, 1505, 1754, 1749, 1755, 1761, 1759	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
40	<b>2/1/10 – 5/25/10; Loan files:</b> 1750, 1680, 1778, 1828, 1860, 1730, 1640, 1859, 1879, 1646, 1878, 1532, 1804, 1881, 1652, 1849, 1801, 1708, 1485, 1782, 1858, 1796, 1725, 1690, 1854, 1817, 1869, 1863, 1821, 1852, 1668, 1887, 1765, 1700, 1789, 1799, 1850, 1868, 1867, 1843, 1026, 1834, 1766, 1836, 1822, 1797, 1853, 1643, 1837, 1777, 1588, 1727, 1918, 1806, 1815, 1838, 1770, 1717, 1875, 1805, 1734, 1847, 1736, 1824, 1682, 1892, 1866, 1916, 1895, 1835, 1894, 1913(2), 1882, 1813, 1861, 1607, 1748, 1856, 1715, 1870, 1785, 1800, 1884, 1807, 1681, 1826, 1743, 1921, 1793, 1704, 1810, 1833, 1688, 1783, 1784, 1872, 19641897	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
41	<b>5/26/10 – 8/20/10; Loan files:</b> 1563, 1634, 1648, 1653, 1654, 1693, 1694, 1726, 1790, 1911, 1831, 1934, 1968, 1803, 1724, 1865, 1827, 1883, 1937, 1839, 1933, 1886, 1938, 1945, 1926, 1965, 1407, 1520, 1940, 1908, 1876, 1747, 1511, 1820, 1781, 1763, 1523, 1871, 1780, 1928, 1546, 1830, 1900, 1841, 1906, 1939, 1672, 1910, 1675, 1912, 1524, 1944, 1993, 1932, 1948, 1842, 1746, 1917, 1622, 1935, 1662, 1633, 1905, 1924, 1855, 1617, 1915, 1812, 1925, 1851, 1874, 2008, 1946, 2006, 1983, 1909, 1840, 1963, 1893, 2017, 1951, 1857, 1364, 2013, 1988, 2018, 1957, 1987, 1936, 1982, 1986, 1977, 1949, 1873, 1811, 1930, 1890, 1992, 2020, 1956, 1896, 1687, 1996, 2028, 1947, 1952, 1960, 1848, 2023, 2024, 1967, 2071, 1903, 1975, 1984, 1769, 2069	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
42	<b>8/24/10 – 12/31/10; Loan files:</b> 2004,	Clark Hill boxes	Simon Consulting,	

	2022, 2082, 1997, 2027, 1891, 1927, 1760, 2010, 2037, 2016, 2021, 1976, 1969, 1985, 1880, 2048, 1943, 2014, 2088, 1907, 2038, 2040, 2091, 2036, 2005, 1931, 2003, 1973, 1901, 1989, 2002, 2067, 1942, 1980, 1950, 1888, 1919, 1990, 1994, 2025, 2105, 2043, 2132, 2042, 1999, 1899, 2103, 2103, 2069, 2063, 2099, 2047, 2044, 2089, 2081, 2060, 2065, 2078, 2093, 1953, 1971, 2001, 2144, 2084, 2123, 2026, 2086, 1979, 2083, 2061, 1962, 2114, 2118, 2121, 1684, 2161, 2101, 2073, 2090, 2015, 2000, 1981, 2155, 2055, 2080, 2133, 2117, 2142, 1808, 2077, 2108, 2111, 2007, 2094, 2107, 2041, 2154, 1998, 2097, 2087, 2113, 2137, 2130, 2135, 2205, 2110, 2098, 1978, 2199, 2136, 2032, 1802, 2151, 2102, 2131, 2012, 2116, 2057, 1902, 2215, 2046, 2076, 1814, 1970, 2181, 2195, 2034, 2064	received 8/23/16	LLC	
43	<b>1/1/11 – 4/5/11; Loan files:</b> 2150, 1510, 1941, 2106, 2146, 2201, 2104, 2196, 2109, 2246, 2239, 2191, 2212, 1955, 2162, 2209, 2009, 2247, 2186, 2152, 2198, 2254, 1958, 1809, 2075, 2273, 1995, 2296, 2174, 2252, 2258, 2263, 2188, 2189, 2213, 2286, 2287, 2240, 2218, 2290, 2236, 2164, 2253, 1904, 2204, 2272, 2070, 2045, 2251, 2126, 2255, 2265, 2313, 2282, 2298, 2243, 1819, 2095, 2234, 2170, 2260, 2127, 2207, 2233, 2249, 2190, 2257, 2139, 2050, 2079, 2092, 1885, 2039, 2056, 2128, 2163, 2149, 2129, 2192, 2210, 2051, 2238, 2271, 2314, 2310, 2302, 2030, 2206, 2208, 2183, 2346, 2316, 2277, 2288, 2159, 2066, 1954, 2029, 2085, 2141, 1966, 2339, 2326, 2359, 2378, 2332, 2211, 2343, 2274, 2053, 2259, 2266, 2235, 2166, 2318, 1773, 2289, 2354, 2294, 2200, 2248, 2307, 2283, 2300, 2217, 2331, 2295, 2393, 2143, 2396, 2293, 1846	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
44	<b>4/6/11 – 6/2/11; Loan files:</b> 2049, 2317, 2384, 2284, 2357, 2348, 2281, 2011, 2261, 2374, 2134, 2362, 2401, 2278, 2327, 2368, 2292, 2148, 2370, 2122, 2323, 2382, 2398, 2355, 2369, 2058, 1396, 1889, 2187, 2276, 2333, 2344, 2392, 2394, 2264, 2403, 2237, 2337, 2391, 2390, 2315, 2306, 2216, 2406, 2262, 2377, 2347, 2138, 2329, 2356, 2242, 2059, 2311, 2375, 2426, 2491, 2250, 2424, 2395, 2267, 2167, 2140, 2068, 2340, 2214, 2241, 2285, 2444, 2301, 2383, 2365, 2400, 2471, 2472, 2489, 2443, 2463, 2457, 2480, 2488, 2125, 2371, 2402, 2338, 2358, 2270, 2376, 2459, 2504, 2423, 2303, 2072, 2405, 2529, 2197, 2476, 2031, 2177, 2308, 2342, 2407, 2412, 2322, 2372, 2033, 2334, 2350, 2379, 2352, 2349, 2353, 2387, 2269, 2408,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	2433, 2434, 2305			
45	<b>8/4/11 – 10/27/11; Loan files:</b> 2335, 2388, 2492, 2556, 2366, 2495, 2557, 1914, 2493, 2320, 2428, 2464, 1795, 1961, 2430, 2409, 2453, 2439, 1991, 2309, 2515, 2508, 2312, 2422, 2421, 2560, 2451, 2404, 2478, 2165, 2500, 2579, 2447, 2194, 2524, 2147, 2487, 2551, 2576, 1276, 2256, 2385, 2410, 2380, 2526, 2456, 2510, 2512, 2513, 2559, 2432, 2461, 2345, 2511, 2440, 2361, 2620, 2325, 2160, 2419, 2543, 2427, 1929, 2565, 2619, 2450, 2574, 2545, 2582, 2193, 2465, 1829, 2202, 1818, 2232, 2485, 2572, 2381, 2145, 2501, 1959, 2364, 2054, 2637, 2437, 2475, 2499, 2299, 2431, 2328, 2532, 2548, 2435, 2385, 2297, 2304, 2470, 2679, 2521, 2531, 2547, 2564, 2561, 2562, 2336, 2677, 2585, 2245, 2628, 2446, 2455, 2581, 2542, 2469, 2540, 2474, 2541, 2411, 2691, 2592, 2373(3)	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
46	<b>8/4/11 – 10/27/11; Loan files:</b> 2119, 2399, 1557, 2468, 2550, 2563, 2425, 1974, 2505, 2583, 2689, 2693, 2735, 2657, 2732, 2640, 2716, 2750, 2715, 2536, 2617, 2626, 2621, 2639, 2341, 2280, 2275, 2555, 2573, 2613, 2570, 2649, 2632, 2690, 2644, 2675, 2571, 2584, 2652, 2706, 2681, 2441, 2615, 2554, 2525, 2630, 2673, 2663, 2701, 2634, 2520, 2466, 2482, 2503, 2523, 2546, 2588, 2590, 2591, 2645, 2655, 2669, 2733, 2740, 2756, 2718, 2625, 2650, 2360, 2784, 2784, 2794, 2728, 2638, 2763, 2641, 2386, 2527, 2567, 2623, 2496, 2765, 2724(2), 2660, 2676, 2687, 2173, 2714, 2725, 2698, 2647, 2760, 2667, 2747, 2651, 2578, 2731, 2755, 2182, 2782, 2624, 2772, 2460, 2752, 2593, 2498, 2809, 2847, 2124, 2429, 2462, 2568, 2805, 2816, 2771, 2770, 2279, 2760, 2788, 2717, 2666, 2473, 2695, 1923, 2586, 2448, 2764, 2420, 2479, 2642, 2754, 1740, 2680, 2532, 2799, 1484, 2813, 2759	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
47	<b>10/27/11 – 12/28/11; Loan files:</b> 2636, 2397, 2869, 2668, 2707, 2775, 2837, 2859, 2751, 2616, 2645, 2745, 2610, 2074, 2665, 2787, 2856, 2839, 2736, 2614, 2700, 2646, 2836, 2658, 2780, 2577, 2890, 2797, 2575, 2826, 2694, 2753, 2678, 2855, 2635, 2786, 2820, 2862, 2594, 2502, 2506, 2522, 2533, 2580, 2612, 2661, 2708, 2709, 2790, 2793, 2817, 2818, 2842, 2843, 2851, 2833, 2812, 2789, 2930, 2814, 2664, 2631, 2823, 2838, 2653, 2719, 2955, 2746, 2800, 2889, 2844, 2801, 2768, 2519, 2712, 2203, 2720, 2494, 2769, 2895, 2928, 2688, 2835, 2872, 2721, 2935, 2659, 2827, 2692, 2853, 2840, 2830, 2887, 2978, 2776, 2881, 2428, 2589, 2633,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	2758, 2774, 2804, 2819, 2860, 2873, 2932, 2866, 2845, 2458, 2871, 2878, 2363, 2924, 2925, 2997, 2907, 2741, 2991, 2957, 2803, 2999, 2882, 2952, 2953, 2903, 2832, 2962, 2852, 2898, 2611, 2762, 2806, 2723, 2950, 2886, 3014, 2558, 2865, 2927, 2983, 2973, 2883, 2569, 2949, 2734, 2822			
48	<b>July 2016; Loan files:</b> 3736, 3828, 3838, 3885, 4523, 4604, 8005, 8008, 8017, 8016(2), 8018, 8019, 8021, 8022, 8023, 8025, 8026, 8027, 8028, 8029, 8030, 8032, 8034, 8035, 8036, 8039, 8040, 8041, 8047, 8044, 8045, 8046, 8047, 8048, 8049, 8050, 8051, 8052, 8053, 8054, 8055, 8056, 8057, 8058, 8059, 8095	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
49	<b>July 2016; Loan files:</b> 8096, 8097, 8098, 8099, 8100, 8101, 8102, 8103, 8104, 8105, 8106, 8088, 8089, 8090, 8091, 8092, 8093, 8094, 8074, 8075, 8076, 8077, 8078, 8079, 8080, 8081, 8084, 8085, 8086, 8087, 8060, 8061, 8062, 8063, 8064, 8065, 8066, 8067, 8068, 8069, 8071, 8072, 8073	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
50	<b>July 2016; Loan files:</b> 2566, 3190, 3835, 4419, 4617, 5046, 5048, 5050, 5051, 5052, 5486, 5794, 5830, 6418, 6796, 6808, 7123, 7320, 7342, 7359, 7400, 7471, 7686, 7694, 7720, 7795, 7851, 7853, 7855, 7932, 7965, 7965, 7999, 8007, 8031, 8038, 8043, 8070, 8082, 8083, 8108, 8109, 8110, 8111, 8113, 8114, 8115, 8116	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
51	<b>July 2016; Corporate Files:</b> 2015 First Bank Statements; 2015 941, AZ Unemployment, AZ State Taxes; 2015 Accountancy; 2015 Legal; QuickBooks Account Info (Account number, password, data encryption key); State Filings Form D; AZ Corp Commission Annual Filing; 2003 AZ DES; Originals of Memorandum, Questionnaire, Subscription; 2105 Expenses; LLC's A – H ( Operating Agreements); LLC's I – P (Operating Agreements); LLC's Q – Z (Operating Agreements); Articles of Incorporation / Minutes	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
52	<b>DenSco Tax 01 – 05; Corporate Files:</b> 2005 940 + 941; 2005 Legal; 2005 Expenses; 2005 BofA; 2005 AZ A1-QRT & DES; 2005 Accounting; 2004 940 + 941; 2004 Legal; 2004 Receipts; 2004 BofA; 2004 AZ A1-QRT & DES; 2004 Accounting; 2003 BofA; 2003 S-Corp Tax Return and correspondence; 2003 AZ A1-QRT & DES; 2003 940 + 941; 2003 Expenses; 2003 Accounting; 2003 Legal; 2002 BofA; 2002 AZ A1-QRT & DES; 2002 940 + 941; 2002 S-Corp Tax Return and correspondence; 2002 Expenses; 2002 Accounting; 2002 Legal; BofA Treasury	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	Services Terms and Conditions; 2001 AZ A1-QRT & DES; 2001 940 + 941; 2001 S-Corp Tax Return and correspondence; 2001 BofA; 2001 Accounting; 2001 Receipts; 2001 Legal			
53	<b>DenSco Tax 06 – 11; Corporate files:</b> 2006 S-Corp Tax Return; 2006 Accounting; 2006 Expenses; 2006 Legal; 2006 BofA; 2006 AZ A1-QRT & DES; 2006 940 + 941; 2007 S-Corp Tax Return; 2007 Accounting; 2007 BofA; 2007 Expenses; 2007 AZ Dept. of Revenue; 2007 AZ DES; 2007 Legal; 2008 Accounting; 2008 Legal; 2008 Expenses; 2008 Fed Tax FICA / 940/941; 2008 AZ DES; 2008 AZ QRT; 2008 S-Corp Tax Return; 2008 BofA; 2009 Legal; 2009 Expenses; 2009 BofA; 2009 AZ QRT; 2009 Fed Tax FICA / 940/941; 2010 S-Corp Tax Return; 2010 Accounting; 2010 Expenses; 2010 Legal; 2010 AZ A1-QRT & DES; 2010 BofA 7509; 2010 BofA 8555; 2011 Expenses; 2011 Legal; 2011 Accounting; 2011 BofA 7509; 2011 BofA 8555	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
54	<b>CNET, AuctionGate, Polar Peaks CRG; Files:</b> Attorney folders and documents	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
55	<b>Black OfficeWare Box;</b> Taxes 84, 85; Taxes 86; Taxes 87; Taxes 88; Taxes 89; Taxes 90; Taxes 91; Taxes 92; Taxes 93; Taxes 94; Taxes 95; Taxes 96; Taxes 97; Taxes 98; Taxes 99; Taxes 2000; Taxes 2001; Taxes 2002; Taxes 2003; Taxes 2004; Taxes 2005; Taxes 2006; Taxes 2007; Taxes 2008	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
56	<b>Access box; Loan files:</b> 5279, 4812, 5451, 5447, 5445, 5442, 6126, 6180, 6132, 6131, 6122, 6140, 6205, 6121, 6150, 6142, 6106, 6105, 6109, 6104, 6148, 6102, 6108, 6107, 6103, 6101, 6098, 6099, 6089, 6097, 6110, 6171, 6112, 6137, 6117, 6114, 6151, 6116, 6120, 6081, 6086, 6113, 6083, 6095, 6096, 6097, 6091, 6062, 6063, 6065, 6073, 6090, 6061, 6077, 6125, 6133, 4509, 6173, 6159, 6172, 6164, 6163, 6162, 6161, 6160, 6194, 6139, 6170, 6154, 6153, 6147, 6149, 6136, 6135, 6138, 5013, 6157, 5118, 5116, 5115, 5129, 5117, 5111, 5104, 4988, 5106, 5105, 5119, 4870, 5101, 5100, 5099, 5098, 4777, 5112, 4711, 5462, 5454, 5467, 5468, 4796, 5093, 5092, 5090, 5113, 5085, 4411, 5453, 5464, 5463, 5461, 5456, 5455, 5448, 5443, 5081, 5077, 5086, 5089, 5080, 5078, 5076, 5075, 5073, 5070, 4727, 4753, 4431, 4618, 5066, 5063, 5065, 4658, 5064, 5057, 4965, 5043, 5060, 4669, 5029, 5061, 5062, 4703, 4689, 4993, 5039, 4519, 5040, 4976, 5083, 5059, 5058(2), 5036, 5030, 4981, 5026,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	4738, 5015, 5024, 5017, 4020, 5014, 5035, 4512, 4021, 4985, 4996, 5005, 5010, 5012, 4994, 4729, 4636, 4536, 4754, 5034, 5016, 5027, 5006, 4710, 5002, 4997, 4995, 4991, 4740, 4672, 4998, 4611, 4019, 4955, 4984, 4992, 4989, 4978, 4975, 4977, 4459			
57	<b>Access box; Loan files:</b> 3987, 3997, 4228, 2178, 2179, 2414, 2415, 2417, 2418, 2672, 4201, 3929, 4011, 4344, 4094, 4314, 4233, 1285, 4043, 4288, 4095, 4319, 3488, 1097, 4232, 4147, 4017, 4300, 3283, 4122, 4146, 2509, 2120, 2892, 4287, 4505, 3814, 2897, 3024, 3104, 2982, 2171, 2157, 2158, 2172, 2175, 2176, 4061, 4185, 3817, 4386, 4383, 4152, 4313, 4307, 4180, 3926, 3914, 4342, 4038, 4227, 4020, 4289, 3882, 4393, 4077, 4136, 4381, 4397, 3975, 3933, 3927, 4003	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
58	<b>Access box; Loan files:</b> 5384, 5168, 5022, 5396, 5385, 5383, 4970, 5393, 5392, 5390, 5403, 5402, 5400, 5397, 5395, 5394, 5388, 4789, 4797, 4806, 4816, 4822, 4562, 4785, 4628, 4532, 4771, 4744, 4626, 4545, 4487, 4865, 4516, 4864, 4715, 4858, 4876, 4591, 4857, 4879, 4539, 4841, 4843, 4856, 4828, 4824, 4592, 4790, 4780, 4783, 4795, 4556, 4524, 4649, 4846, 4832, 4656, 4819, 4607, 4878, 4871, 4569, 4957, 4887, 4888, 4584, 5379, 4974, 4952, 4972, 4969, 5102, 4967, 5391, 5388, 4665, 4873, 4840, 4881, 4573, 4877, 4859, 4690, 4910, 4925, 4923, 4920, 4905, 4922, 4899, 4890, 4503, 4907, 4902, 4889, 4906, 4894, 4898, 4908, 4882, 4895, 4933, 5284, 4946, 5283, 4935, 4971, 4944, 4288, 5294, 5282, 4431, 5278, 5082, 5275, 5273, 5246, 4916, 4624, 4912, 4934, 4931, 4941, 4926, 4921, 4911, 4483, 4722, 4930, 4929, 4446, 4918, 4598, 5303, 5299, 5295, 4495, 5307, 5297, 5293, 5292, 5291, 5287, 5286, 4589, 5338, 4937, 5329, 5341, 5324, 5323, 5320, 5165, 5042, 5333, 5318, 5310, 4945, 5003, 4662, 4950, 5334, 5319, 5317, 5313, 5322, 4949, 5321, 5311, 4454, 5312, 5306, 5305, 5304, 5300, 5298, 5296, 4619, 5308, 5301	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
59	<b>Access box; Loan files:</b> 5499, 5510, 5511, 5519, 5508, 5274, 5280, 5266, 5272, 4737, 5268, 5261, 5267, 5258, 5265, 5259, 4034, 5253, 5247, 5260, 5252, 5153, 5249, 5251, 5256, 5269, 5254, 5255, 5232, 5236, 5250, 5238, 5237, 5227, 5235, 5234, 5233, 5230, 5225, 5226, 5221, 5220, 5218, 5217, 4530, 5228, 5213, 5212, 5205, 4417, 5219, 5211, 5210, 5206, 4671, 4534, 5216, 5215, 5209, 5201, 5202, 5214, 5204, 5203, 5200, 5199, 5187(2), 5141, 4032, 5184, 4544, 5041, 5183, 5182, 5181, 4924, 5180, 5179, 5172,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	



	<p>4670, 5176, 5175, 5173, 4731, 5166, 5160, 4514, 5169(2), 5158, 5156, 4983, 4659, 4917, 5157, 5151, 5150, 5178, 5174, 5145, 5152, 5149, 5147, 4513, 5148, 5136, 4430, 4885, 5144, 5170, 5143, 5142, 5033, 5137, 5133, 4579, 5132, 5131, 4948, 4791, 5128, 5127, 5126, 5135, 5124, 5122, 5134, 5123, 5109, 5094, 4546, 5125, 5140, 5009, 5130, 5491, 5177, 5487, 5490, 5524, 5492, 5470, 5483, 5494, 5495, 5493, 5441, 5139, 5457, 5450, 5437, 5025, 5503, 5435, 5446, 4643, 5074, 5449, 5432, 5431, 4849, 5484, 5426, 5444, 5440, 5439, 5436, 5498, 5434, 5064, 5433, 5427, 5422, 5430, 5420, 5428, 5423, 5421, 5229, 5425, 5419, 5413, 5489, 5412, 5411, 5414, 5401, 5407, 5509, 5507, 5513, 5514, 5518, 5521, 5528, 5497, 5523, 5506, 5505, 5406, 5405, 5415, 5408, 5399, 4982</p>			
60	<p><b>Access box;</b> 2016 Accountancy-Preston CPA and Pension Strategies invoices;  1 Denny Chittick-DenSco note, prospective purchaser questionnaire, subscription agreement; 2 Paul Kent  3 Eldon and Carlene Chittick-Prospective purchaser questionnaires, subscription agreements; 4 Michael Gumbert-Prospective purchaser questionnaires, subscription agreements; 5 Rob Brinkman-Prospective purchaser questionnaires, subscription agreements; 6 Brian Odenthal-Prospective purchaser questionnaires, subscription agreements; 9 Gary Siegford-Prospective purchaser questionnaires, subscription agreements; 10 Nihad Hafiz-Prospective purchaser questionnaires, subscription agreements; 11 Vince Muscat-Prospective purchaser questionnaires, subscription agreements; 13 Kennen Burkhardt-Prospective purchaser questionnaires, subscription agreements; 14 Kaylene Moss-Prospective purchaser questionnaires, subscription agreements; 15 Dale Hickman-Prospective purchaser questionnaires, subscription agreements; 18 Tom Smith-Prospective purchaser questionnaires, subscription agreements; 20 Glen Davis-Prospective purchaser questionnaires, subscription agreements; 21 Mark Wenig-Prospective purchaser questionnaires, subscription agreements; 24 Hahn and Associates LLC-Prospective purchaser questionnaires, subscription agreements; 25 Jack Davis-Check for \$75,000 (cancelled), correspondence, prospective purchaser questionnaires, subscription</p>	<p>Gammage and Burnham boxes- Investor and Corporate files, received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

<p>agreement; 26 Arden Chittick-Prospective purchaser questionnaires, subscription agreements; 27 David DuBay-Prospective purchaser questionnaires, subscription agreements; 28 Carol Wellman-Prospective purchaser questionnaires, subscription agreements; 29 Warren Bush-Prospective purchaser questionnaires, subscription agreements; 31 Doris Howze-Prospective purchaser questionnaires, subscription agreements; 32 Russell Griswold-Prospective purchaser questionnaires, subscription agreements; 33 Wellman Family Trust-Prospective purchaser questionnaire, subscription agreements, Affidavit/Abstract of Trust; 35 Wade Underwood-Prospective purchaser questionnaires, subscription agreements; 36 Manuel Lent, IRA-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, DenSco note; 38 Lillian Lent, IRA-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, DenSco note, correspondence; 41 Tony Smith-Prospective purchaser questionnaires, subscription agreements; 42 Phalen Family Trust-Prospective purchaser questionnaires, subscription agreements; 43 Robert Koehler-Prospective purchaser questionnaires, subscription agreements; 44 Gary Siegford-Prospective purchaser questionnaires, subscription agreements; 45 Bill Hughes-Prospective purchaser questionnaires, subscription agreements; 46 Judy Hughes-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, correspondence; 47 Bill and Jean Locke-Prospective purchaser questionnaires, subscription agreements; 48 Caro McDowell-Prospective purchaser questionnaires, subscription agreements; 49 Dori Ann Petranek-Prospective purchaser questionnaires, subscription agreements, correspondence, Living Trust document; 51 Stewart Sherriff-Prospective purchaser questionnaires, subscription agreement; 52 Satellite, LLC-Prospective purchaser questionnaires, subscription agreements; 53 Kevin Potempa-Prospective purchaser questionnaire;</p> <p>55 Bill Swirtz-Prospective purchaser</p>			
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<p>questionnaires, subscription agreements, DenSco note; 56 Glen Davis, IRA-Subscription agreement; 57 Jim McCoy-Prospective purchaser questionnaires, subscription agreement; 58 Dave Preston-Prospective purchaser questionnaires, subscription agreement; 61 Scott Detota-Prospective purchaser questionnaires, subscription agreement; 62 Mary Kent-Prospective purchaser questionnaires, subscription agreement; 64 Brian Imdieke-Prospective purchaser questionnaires, subscription agreements, correspondence, Living Trust document; 65 Lee Group Inc.-Prospective purchaser questionnaires, subscription agreements; 66 Jemma Kopel-Prospective purchaser questionnaires, subscription agreements; 67 Carsyn Smith-Prospective purchaser questionnaires, subscription agreements; 68 McKenna Smith-Prospective purchaser questionnaires, subscription agreements; 69 Coralee Thompson-Prospective purchaser questionnaires, subscription agreements; 70 Roy Kopel-Prospective purchaser questionnaires, subscription agreements; 71 Ralph Kaiser-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, IRA application, correspondence; 72 Gary Thompson-Prospective purchaser questionnaires, subscription agreement; 73 Van Butler-Prospective purchaser questionnaires, subscription agreement; 75 Jim McArdle-Prospective purchaser questionnaires, subscription agreement; 76 Tom Smith, IRA-Prospective purchaser questionnaires, subscription agreement, DenSco note, correspondence, IRA application, First Trust Company of Onaga Purchase Authorization; 79 Carol William, IRA-Prospective purchaser questionnaire, subscription agreement; 80 Michael Zones-Prospective purchaser questionnaire, subscription agreement; 81 Marv Miller-Prospective purchaser questionnaire, subscription agreement, correspondence; 82 Craig Brown-Prospective purchaser questionnaire, subscription agreement; 84 Wayne Ledet, IRA-Prospective purchaser questionnaires, subscription agreement, correspondence, IRA application, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Rollover form, Transfer on Death</p>			
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<p>Instruction; 85 Terry and Lil Lee-Subscription agreement; 86 Nancy Swirtz-Subscription agreement; 87 Stanley Schloz-Prospective purchaser questionnaire, subscription agreements; 88 Stanley Schloz, IRA-First Trust Company of Onaga Purchase Authorization, Subscription agreements; 93 Bill Hughes-Subscription agreement; 94 Valerie Paxton-Prospective purchaser questionnaire, subscription agreements; 95 Wayne Ledet-Subscription agreements; 96 Craig Hood-Subscription agreements; 97 Leslie Jones, IRA-Mainstar Trust Change of Ownership Request, Irrevocable Stock/Bond Power, DenSco note, Subscription agreement; 98 Anthony Burdett-Prospective purchaser questionnaire, subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga IRA application, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga Purchase Authorization; 99 Mary Schloz-Subscription agreements, First Trust Company of Onaga Sale Authorization; 100 Marlene Pearce-Subscription agreements, Promissory Note, Prospective purchaser questionnaire, Equity Trust Company Note Modification Form; 101 Bill Alber-Prospective purchaser questionnaire, subscription agreement; 102 Stacy Grant-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, Merrill Lynch statement, First Trust Company of Onaga IRA application, First Trust Company of Onaga Purchase Authorization, Prospective purchaser questionnaire, W-9; 103 Gretchen Carrick-Prospective purchaser questionnaire, subscription agreement; 104 Ralph Hey-Prospective purchaser questionnaire, subscription agreements; 105 Jeff Phalen, IRA-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 106 Jolene Page-Prospective purchaser questionnaire, subscription agreements; 107 Brian Odenthal, IRA-Subscription agreements, W-9; 110 Todd Einck-Subscription agreements; 111 Averill Cate-Prospective purchaser questionnaire, subscription agreements; 112 JoAnn Sanders-Prospective purchaser</p>			
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<p>questionnaire, subscription agreements; 113 Kaylene Moss, IRA-Subscription agreements, W-9, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 114 Van Butler, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 115 Mary Butler, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 116 Robert Lawson-Prospective purchaser questionnaire, subscription agreements; 118 Kennen Burkhardt, IRA-Subscription agreements, W-9, First Trust Company of Onaga Transfer/Direct Rollover Request, correspondence, DenSco note; 119 Amy Dirks, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application, Prospective purchaser questionnaire, US Bancorp retirement plan statement; 120 Mike Scroggin-Prospective purchaser questionnaire, subscription agreement; 121 Wayne Ledet, Roth IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 122 Russell Griswold-Subscription agreements; 123 James Jetton, Roth IRA-Prospective purchaser questionnaire, subscription agreement, Prospective purchaser questionnaire; 124 Mike Scroggin, Roth IRA-Subscription agreements; 125 Annette Scroggin, Roth IRA-Subscription agreements; 126 Michael Scroggin, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request; 127 Herb and Eileen Cohen-Voided check (Bank of America a/c Cohen Revocable Trust dtd6/3/04), Subscription agreements, Prospective purchaser questionnaire; 128 Annette Scroggin, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request; 130 Don Sterling-Prospective purchaser questionnaire, subscription agreement; 131</p>			
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<p>Pete Rzonca-Voided check (Wells Fargo a/c Kay and Pete Rzonca), Subscription agreements, Prospective purchaser questionnaire; 133 Tom Byrne-Prospective purchaser questionnaire, subscription agreement; 134 Steve Bunger-Subscription agreements, DenSco notes, Prospective purchaser questionnaire; 135 GB 12, LLC-Subscription agreement; 136 Bradley Dirks, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, Fidelity 401k statement; 137 Brian Wenig-Prospective purchaser questionnaire, subscription agreement, Certification of trust, correspondence; 139 Dupper Living Trust-Prospective purchaser questionnaire, subscription agreement; 140 Erin Carrick-Prospective purchaser questionnaire, subscription agreement; 141 Bunger Estate-Prospective purchaser questionnaire, subscription agreement; 148 Angels Investments, LLC, Yusuf Yildiz-Two cancelled checks (\$100k apiece), Prospective purchaser questionnaires, subscription agreement; 143 Barry Luchtel-Prospective purchaser questionnaire, subscription agreement; 144 Landon Luchtel-Prospective purchaser questionnaire, subscription agreement; Sundance Debt Partners, LLC-Prospective purchaser questionnaire; 145 Thomas Weiskopf, IRA-Subscription agreement, W-9; 146 Laurie Weiskopf, IRA-Subscription agreement, W-9; 109 James Trainor-Subscription agreements, Prospective purchaser questionnaire; 2016 Expenses-Variou invoices; 2016 First Bank-Two returned/rejected transaction listing documents, voided DenSco check, deposit receipt; Fed Tax FICA-Electronic Federal Tax Payment System (EFTPS) enrollment docs; AZ State Unemployment Tax-Internet wage reporting forms, AZ DES notice of delinquent reports, Determination of unemployment tax rate reports, AZ DES report of changes forms; AZ Tax-AZ Dept. of Revenue Notice of Employer Withholding Identification Number, correspondence, AZ New Hire Reporting Program brochure; Loose papers--no file folder-Subscription agreement for Wayne Ledet Revocable Trust, DenSco note for same, Subscription agreement for Mainstar Trust, fbo Amy Dirks, DenSco note for same; DenSco Corp</p>			
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	(manila envelope)-Articles of Amendment, Articles of Incorporation, Certificate of Corporate Resolution, Bylaws of DenSco Corp, Blank Subscription agreement and Prospective purchaser questionnaire; 3.5-inch black floppy disk (loose)-No label			
61	<p><b>Access box; Loan files:</b> 4719, 5763, 5749, 5728, 5748, 5756, 5007, 5658, 5657, 5656, 5655, 5660, 5654, 5652, 5650, 5649, 5647, 5653, 5648, 5643, 5646, 5644, 5245, 5638, 5626, 5644, 5641, 5642, 5780, 5781, 5779, 4482, 5806, 5778, 5777, 5775, 5766, 5772, 5757, 5762, 5809, 5808, 5767, 5759, 5776, 5084, 4484, 5372, 5753, 4979, 5740, 5737, 5733, 5787, 5783, 5734, 5738, 5604, 5591, 5602, 5610, 5609, 5611, 5587, 5584, 5585, 5994, 5578, 5582, 5581, 5761, 5993, 4409, 5564, 5598, 4903, 5576, 5755, 5600, 5747, 5786, 5592, 5739, 5383, 5732, 5729, 5276, 5774, 5570, 5773, 5771, 5580, 5770, 5579, 5769, 5768, 5754, 5575, 5571, 5586, 5599, 5633, 5632, 5309, 5620, 5631, 5608, 5628, 5629, 5627, 5621, 5619, 5621, 5617, 3364, 5289, 5248, 5606, 5615, 5630, 5605, 5616, 5618, 5612, 4644, 5336, 5335, 4554, 5347, 5339, 5348, 5343, 4958, 3610, 4718, 5330, 5340, 4599, 5337, 4956, 5359, 5352, 5350, 4884, 5328, 5360, 5349, 5344, 5331, 4963, 5342, 5346, 4953, 5353, 4959, 5368, 5364, 5358, 4688, 5351, 5345, 5361, 4954, 4541, 5370, 5365, 5363, 5103, 5369, 4776, 5366, 4585, 4574, 5371, 4966, 4962, 5382, 5378, 5376, 5375, 4913, 5374, 4964, 5373, 5381, 5380, 4481, 5185</p>	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
62	<p><b>Access box; Loan files:</b> 5478, 5481, 5477, 5485, 5167, 5466, 5488, 4804, 4732, 6143, 6129, 6128, 6141, 6130, 6127, 6155, 6118, 6119, 6186, 4578, 6076, 6074, 6075, 6111, 6052, 6085, 6082, 6072, 6053, 6055, 4938, 6047, 6044, 6058, 6071, 6068, 6059, 6046, 6028, 6016, 6042, 6038, 6084, 6033, 6051, 6043, 6041, 6069, 6064, 6066, 6034, 6029, 6040, 6060, 6056, 6057, 6032, 6020, 6024, 6039, 6050, 6023, 6049, 6031, 6048, 6011, 6005, 6067, 6017, 6030, 6013, 5818, 5817, 5814, 5811, 5810, 5860, 5803, 5802, 4504, 5844, 5839, 5838, 5797, 5820, 5804, 5841, 5852, 5387, 5795, 5836, 5834, 5799, 5164, 5476, 5479, 5482, 5471, 5473, 5465, 5460, 5472, 5459, 5458, 5798, 5835, 5792, 5790, 5826, 5791, 5784, 5789, 5793, 5788, 5837, 5829, 5796, 5785, 5782, 5800, 5720, 5715, 5551, 5714, 5565, 5290, 5573, 5722, 5719, 5718, 5713, 5711, 5710, 5708, 5707, 5709, 5705, 5704, 5703, 5702, 5699, 5698, 5697, 5695, 5690, 4627, 5752, 5693, 5691, 5667,</p>	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	<p>5696, 5688, 5687, 5685, 5683, 5684, 5692, 5682, 5681, 5680, 5674, 5677, 5676, 5689, 5417, 5673, 5686, 5671, 5669, 5666, 5665, 5664, 5663, 5670, 5668, 5675, 5662, 5661, 5659, 5746, 5558, 5744, 5577, 5735, 5730, 5568, 5572, 5601, 5760, 5750, 5742, 5552, 5726, 5559, 5725, 5567, 6835, 5566, 5721, 5110, 5743, 5717, 5745, 5723, 4863, 5639, 5640</p>			
	<p><b><u>Investor Files/Closet; Subscription Agreements for the following investors:</u></b>  2 Paul Kent; 3 Eldon Chittick; 4 Mike Gumbert; 5 Rob Brinkman; 6 Brian Odenthal; 10 Nihad Hafiz; 13 Kennen Burkhardt; 15 Dale Hickman; 17 Steve Tuttle; 18 Tom Smith ; 20 Glen Davis; 21 Mark Wenig; 24 Robert &amp; Elizabeth Hawn Family Trust; 25 Jack Davis; 26 Arden Chittick; 27 Dave DuBay ; 28 Carol Wellman; 29 Warren Bush; 31 Doris Howze; 32 Russ Griswold; 33 Wellman Family Trust; 35 Wade Underwood; 36 Manuel Lent, IRA; 38 William Lent, IRA; 41 Tony Smith; 42 Jeff Phalen; 43 Robert Koehler, IRA; 45 Bill Hughes; 46 Judy Hughes; 47 Bill and Jean Locke; 48 Caro McDowell; 49 DoriAnn Davis; 50 Leslie Jones; 51 Stewart Sherriff; 52 Satellite, LLC; 53 Kevin Potempa; 55 Bill Swirtz; 57 Jim McCoy; 58 Dave Preston; 61 Scott Detota; 64 Brian Imdieke; 65 Terry Lee, The Lee Group; 66 Jemma Kopel; 67 Carsyn Smith; 68 McKenna Smith; 69 Coralee Thompson; 71 Ralph Kaiser; 72 Gary Thompson; 73 Van Butler; 75 Jim McArdle; 76 Tom Smith, IRA; 79 Carol William, IRA; 80 Michael Zones; 81 Marv Miller; 82 Craig Brown; 84 Wayne Ledet, IRA; 85 Terry Lee; 86 Nancy Swirtz; 87 Stanley Schloz; 88 Stanley Schloz, IRA; 89 Stanley Schloz, Roth IRA; 90 Marion Minchuk; 93 Bill Hughes; 94 Smalerie; 95 Wayne Ledet; 96 Craig Hood; 98 Anthony Burdett; 99 Mary Schloz; 100 Marlene Pearce; 101 Bill Alber; 102 Stacy Grant; 104 Ralph Hey; 105 Jeff Phalen; 106 Jolene Page; 106 Jolene Page; 107 Brian Odenthal, IRA; 109 James Trainor; 110 Todd Einck; 111 Averill Cate; 112 JoAnn Sanders; 113 Kaylene Moss, IRA; 116 Robert Lawson; 117 Fischer Family Holdings; 118 Kennen Burkhardt, IRA; 119 Amy Dirks, IRA; 120 Mike Scroggin; 121 Wayne Ledet, Roth IRA; 122 Russell Griswold; 123 James Jetton; 124 Mike Scroggin, Roth IRA; 125 Annette Scroggin, Roth IRA; 126 Michael Scroggin, IRA; 127 Herb Cohen; 128 Annette</p>	<p>Gammage and Burnham boxes-“Old” Investor files received 8/24/16</p>	<p>Simon Consulting, LLC</p>	



	<p>Scroggin, IRA; 130 Donald Sterling; 131 Pete Rzonca; 132 Weiskopf Family Trust; 133 Thomas Byrne; 134 Steve Bunger; 135 GB 12, LLC; 137 Brian Wenig; 139 Russ Dupper; 140 Erin Carrick; 142 Yusuf Yildiz; DC-Stubs for check # 2308, 2310, 2283; 9 Gary Siegford-</p> <p>Subscription agreements, DenSco statements; 11 Vince Muscat-Subscription agreements, DenSco note; 14 Moss Family Trust-Subscription agreements, Court documents regarding garnishment; 56 Glen Davis, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 62 Mary Kent-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer Letter, First Trust Company of Onaga Withdrawal Request, First Trust Company of Onaga Change of Beneficiary, Traditional IRA Financial Disclosure, First Trust Company of Onaga Trading Authorization, First Trust Company of Onaga Sale Authorization, First Trust Company of Onaga Transaction Advise, IRA Rollover Certification, correspondence; 70 Roy Kopel-Subscription agreements, First Trust Company of Onaga Purchase Authorization, DenSco note; 97 Leslie Jones- Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, DenSco note (copy), W-9, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Roth IRA Application</p>			
64	<p><b>Employee Files:</b> Akers, Zachary; Almeida, Lluvia Marisol; Amoroso, Giuseppe; Amoroso, Agatino (Dino); Amoroso, Luciano; Avita, Carlos; Ayon, Vianey; Baker, Caleb; Banuelos, Edgar (Alex); Baratto, Salvatore; Borja, Angel; Borja, German; Brown, Mike; Bulfair, Gary; Campa, Steisy; Cardo, Salvatore; Cardona, Jesus; Carlos, Chuck; Castro, Alexandra; Castro, Blanca; Castro-Gutierrez, Veronica; Cervantes, Richard; Chagolla, Angelo; Chalmers III, Paul; Chevalier, Steven; Cintron, Francisco; Cobb, Caleb; Coffin, Jared; Contreras, Ricardo; Cook, Linda; Cota, Javier; Cuspard, Otis; Dalby, John; Delgado, Santiago; Dear, Antonio; Dickson, Vanessa; Dirks, Jeremy; Dominguez, Isaac; Dominguez, Jeremias; Duarte, Abraham; Enos, Ronald; Enriquez, Francisco; Esquer, Jesus; Flores, Jose;</p>	<p>Furniture King Store(Bell location) boxes received 9/22/16</p>	<p>Simon Consulting, LLC</p>	

Frankel, Harry (Bill); Galeano, Mariah; Garcia, Alma; Gil-Richard, Jocelyn; Goode, Alexander; Gutierrez, Isaiah; Hakimzadeh, Jack; Hamilton, Erika; Hannon, Regina; Harris, Israel; Hartt, Britan; Hayes, Jennifer; Hayes, Mark; Hernandez, Mary; Horne, Anthony; Hofmann, Kelli; Jackson, Melissa; James, Lionel; Jordan, Tracey; Kerbs, Alejandrina; Jon Kirkby; Komorowski, Renee; Kowall, Paul; Ledezma, Rafael; Lipari-Menaged, Francine; Martin, Amber; Martinez, Alejandro; Martinez, Esmeralda; Martinez, Jasmine; Martinez, Ruben; Mata, Steven; Medina, Sergio; Medrano, Francisco; Melou, Ashur; Menaged, Jess; Menaged, Michelle; Vasquez, Merina; Merjech, George; Morales, Jose; Moss, Karen; Neptune, Stephen; Olivas, Jesus; O'Sullivan, Daniel; Parker, Paul; Pena, Alberto; Porcayo, Andres; Presley, Prince; Pursel, Ernesto; Rames, Keaton; Rice, Jason; Rise, Shakia; Ritchie, Brian; Renteria, Javier; Rodriguez, Mario; Rogers, Winifred (Terrell); Romeo-Torres, Jose; Romeo, Andy; Romeo Rubio, Salvador; Romero, Luis; Romero, Magdalena; Romero, Salvador; Smith, Hugh; Suastegui, Jonathan; Tabanico, Francisco; Tabanico, Ricardo; Tinsley, Jacob; Trotter, Bobbie; Torres, Antonio; Vidal, Albert; Villegas, Karen; Washington, Rod; Welsh, Christopher; Williams, Dennis; Williams, Jermaine; Wood, Noel; Yeoman-Bargar, Colin; Rosen, Jeremy; Roud, Jeremy; Sanchez, Claudia; Sandretto, Christina; Schenkman, Jared; Schultz, Jason; Sepulveda, Mario; Serrano, Paul; Serrano, Xochitl; Shelley, Betty; Shelley, Racquel; Shelley, Richard; Walker, Charles; Crouner, Valerie **Employee W-2s:** Britan M Hartt; Caleb R Baker; Albert V Vidal; Richard C Shelley; Xochitl Serrano; Edgar M Banuelos; George Merjech; Jeremy D Roud; Alberto A Pena; Alma Y Garcia; Jeremias E Dominguez; Dennis J Williams; Bobbie L Trotter; Jasmine Martinez; Hugh Smith; Mary Hernandez; Jose Morales; Andy Romero; C Brian Ritchie; Paul A Chalmers; Hugh Smith; Edgar G Aguilar; Stephen Nuptune; Alejandro Martinez; Mariel Quezada; Mario Rodriguez; Jeremy Dirks; Andres Porcayo; Christiana M Freire; Gary T Bulfair; Chuck E Carlos; Blanca Castro; Francisco Cintron; Steven M Chevalier; Javier A Cota-Renteria; Santiago E Delgado; Abraham R Duarte; Alexander W Goode; Jack Hakimzadeh; Jose Morales;

	<p>Karen L Moss; Claudia P Sanchez; Jason M Schultz; Mario A Sepulveda; Jacob F Tinsley; Rod K Washington; Agatino Amoroso; Giuseppe Amoroso; Esmeralda Martinez; Jess Menaged; Michelle Menaged; Keaton D Rames</p>			
66	<p><b>HOA Notices/Litigation:</b> Court Document: Rancho Gabriela HOA vs. AZ Home Foreclosures LLC-10/26/2015-Litigation for unpaid assessments. Note on document reads "Sent settlement request of \$1,000 on 11/06. Denied Settlement."; Correspondence-7/16/2014-Letter from Mack Watson &amp; Stratman, PLC to Easy Investments regarding outstanding balance of \$3,027.90 for Encanto Garden Townhouses HOA; Correspondence-2/17/2015-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$868 for Travis Park HOA. Note on letter reads "Offered \$700 3/19 Declined"; Correspondence-4/6/2015- Letter from Arrowhead Ranch HOA to Arizona Home Foreclosures regarding outstanding balance of \$581.91; Park Wood Ranch HOA Invoice-3/30/2015-Addressed to Arizona Home Foreclosures. \$1,645 amount due; Correspondence-7/27/2015-Letter from Ladera Vista HOA to Easy Investments regarding outstanding balance of \$1,035 for Travis Park HOA; Court Document: Westcreek Villas HOA vs. Easy Investments, LLC-8/19/2015-Application for attorneys' fees and costs of \$1,313.10; Correspondence-8/20/2015- Letter from Rita West HOA to Easy Investments regarding outstanding balance of \$2,075.17; Court Document: Westcreek Villas HOA vs. Easy Investments, LLC-8/20/2015-Order entering judgment for \$1,390; Maricopa County Justice Courts Judgment-8/18/2015-Judgment ordering Easy Investments to pay Riata West HOW \$2,075.17; Correspondence-8/31/2015-Letter from Arizona Corporation Commission to Arizona Home Foreclosures documenting that a summons and complaint regarding Rancho Gabrielda HOA was served. Court documents attached; Correspondence-9/8/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$2,423.97 for Canyon Trails HOA; Correspondence-9/11/2015-Letter from Mulcahy Law Firm to Easy Investments regarding judgment awarded for an outstanding balance of</p>	<p>Furniture King Store (Bell location) boxes, Easy Investments and Arizona Home Foreclosures correspondence and documents on judgements, liens, etc. Received 9/22/16</p>		

<p>\$3,031.10 for Westcreek Villas HOA; Correspondence-9/10/2015-Letter from Brown, Olcott, PLLC to Arizona Home Foreclosures regarding lien placed upon 707 E Potter Dr for an outstanding balance of \$838.50 for Arroyo Rojo HOA; Correspondence-9/11/2015-Letter from Mulcahy Law Firm to Easy Investments regarding judgment awarded for an outstanding balance of \$3,031.10 for Westcreek Villas HOA; Court Document: Biltmore Gardens HOA vs. Easy Investments, LLC-9/21/2015-Affidavit in support of attorneys' fees and costs for writ of garnishment in the amount of \$2,466.80; Court Document: Award for Biltmore Gardens HOA vs. Easy Investments, LLC-10/26/2015-Amount of \$2,466.80 awarded to plaintiff; Correspondence-4/8/2015-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$496.76 for Country Place HOA; Correspondence-4/13/2015-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$1,209 for Anasazi Village HOA; Correspondence-4/13/2015-Letter from Montana Vista HOA to Easy Investments regarding outstanding balance of \$564.80; Correspondence-2/17/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$669.50 for Westcreek Villas HOA; Correspondence-2/3/2015-Letter from The Travis Law Firm to Arizona Home Foreclosures regarding outstanding balance of \$655.40 for Hurley Ranch HOA; Correspondence-1/27/2015-Letter from Mark Vander Stoep Attorney at Law to Arizona Home Foreclosures regarding outstanding balance of \$552.50 for Rancho Gabriela HOA; Correspondence-2/25/2015-Letter from Brown, Olcott, PLLC to Easy Investments regarding outstanding balance of \$1,172.84 for Watson Estates HOA. Note on letter states "Offered \$800 3/19 Declined"; Correspondence: Final Demand Notice-3/17/2015-Letter from Avalon Village to Arizona Home Foreclosures regarding outstanding balance of \$2,082.80. Note on letter states "Offered \$1,600 3/19"; Correspondence-4/30/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$1,087 for Westcreek Villas HOA; Correspondence: Notice of Property Lien-4/21/2015-Letter from Sienna Community</p>			
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Association to Easy Investments regarding lien filed for unpaid balance of \$695.20. Court document attached: Notice and Claim of Lien by Homeowners' association; Correspondence: Intent to Sue-5/1/2015- Letter from Parkwood Ranch HOA to Arizona Home Foreclosures regarding outstanding balance of \$1,875; Maricopa County Justice Courts Judgment - 5/11/2015-Judgment ordering Easy Investments to pay Riata West HOA \$2,075.17; Court document: Westcreek Villas HOA vs. Easy Investments-6/2/2015-Summons; Court document: Westcreek Villas HOA vs. Easy Investments,- 7/14/2015-Affidavit in support of application for default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Application for default and entry of default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Affidavit in support of application for default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Application for default and entry of default; Notice of Lien--Easy Investments LLC-7/24/2015-Lien placed for \$1,593.31 judgment for Canyon Trails HOA; Correspondence: Lien letter-7/30/2015-Letter from Dove Valley Ranch Community Association to Easy Investments regarding the lien placed for the \$580.50 judgment; Correspondence-8/6/2015-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$833 for Mountain View Ridge HOA; Correspondence-9/19/2014-Letter from Carpenter Hazelwood PLC to Easy Investments regarding an outstanding balance of \$4,730.65 for Stetson Valley HOA. Note on letter reads "Offered \$3,700 9/22. Declined 10/14. Paid \$5,179.90 10/14"; Correspondence: Lien letter-9/24/2014-Letter from Westcreek Villas HOA to Easy Investments regarding the lien placed for the \$875.50 judgment. Note on letter reads "Paid 10/9"; Correspondence: Lien letter-9/24/2014-Letter from Cottonflower Goodyear HOA to Arizona Home Foreclosures regarding the lien placed for the \$633.44 judgment. Note on letter reads "Paid 10/9"; Correspondence: Lien letter-9/5/2014-Letter from Ladera Vista HOA to Easy Investments regarding the lien placed for the \$1,153 judgment. Note on letter reads "Offered \$700 9/18.

Declined. Paid 10/9"; Court Document: Release of Lien of Assessment-9/25/2014-Release of lien against Arizona Home Foreclosures by South Mountain Community Association; Correspondence-8/15/2014-Letter from Maxwell & Morgan P.C. to Easy Investments regarding an outstanding balance of \$5,817.78 for Canyon Crest at Scottsdale Horizon Association. Note on letter reads "Offered \$4,500 8/21. Accepted. Sent check"; Correspondence: Lien letter-8/27/2014-Letter from Laveen Meadows HOA to Arizona Home Foreclosures regarding the lien placed for the \$413.50 judgment. Note on letter reads "Offered \$300 9/10. Accepted. Paid 9/22"; Court Document: Sienna Community Association vs. Easy Investments LLC-2/13/2014-Summons and Complaint documents for an outstanding balance of \$2,425.26. Note on document reads "Sent offer of \$1600 8/7. Balsam. Paid 9/22"; Correspondence-8/22/2014-Letter from FirstService Residential to Easy Investments informing that the \$75 violation fine has been waved; Email-8/29/2014-Receipt showing Easy Investments paying \$3,091.04 to Sundance Residential Homeowners Association; Court document: Sundance Residential HOA vs. Easy Investments-9/10/2014-Notice of Dismissal; Correspondence: Satisfaction and Release of Lien-9/10/2014-Document showing that Arizona Home Foreclosures has paid the balance due to Superstition Springs Community and thereby released the lien; Correspondence: Notice of Intent to Lien-7/7/2014-Letter from Palisades at Country Place to Arizona Home Foreclosures regarding an unpaid balance of \$453 and notification of an intent to place a lien on the property; Correspondence: Notice of Intention to Create Lien-8/15/2014-Letter from Mountain Gate Community Association to Arizona Home Foreclosures regarding an unpaid balance of \$466.19 and notification of an intent to place a lien on the property. Note on letter reads "Paid 8/25 \$453"; Correspondence: Lien Letter-6/25/2014-Letter from Dove Valley Ranch HOA to Easy Investments regarding an unpaid balance of \$395.50 and notification that a lien has been placed on the property. Note on letter reads "Emailed for amount. \$575.50. Paid 8/25"; Correspondence: Lien Letter-

8/13/2014-Letter from Montana Vista HOA to Arizona Home Foreclosures regarding an unpaid balance of \$384.85 and notification that a lien has been placed on the property. Note on letter reads "Paid." Receipt of electronic payment attached;  
Correspondence: Notice of Lien Recording-7/28/2014-Letter from Summit at South Mountain Community Association to Arizona Home Foreclosures regarding an unpaid balance of \$1,856.13 and notification that a lien has been placed on the property. Note on letter reads "Offered \$1,000 8/26. Paid 8/25 payment plan. \$898.07 8/29, \$509.03 9/30, 509.03 10/31"; Court Document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-6/29/2014-Notice of Voluntary Dismissal; Court Document: Los Paseos Condominium Owners Association vs. Easy Investments-8/11/2014-Notice of Voluntary Dismissal with Prejudice by Plaintiff; Account Statement: Redhawk at Rogers Ranch HOA-10/21/2013-Balance due of \$930.61. Note on statement reads "Properties in escrow 5/22; Court Document: Lindsay Ranch HOA vs. Arizona Home Foreclosures-5/5/2014-Notice and Claim of Lien; Court Document: Carriage Lane 10 HOA vs. Arizona Home Foreclosures-5/1/2014-Notice and Claim of Lien; Correspondence-5/15/2014-Letter from The Travis Law Firm to Arizona Home Foreclosures regarding outstanding balance of \$1,208 for Goldman Ranch HOA; Correspondence-3/14/2014-Letter from Mark Vander Stoep Attorney at Law to Arizona Home Foreclosures regarding outstanding balance of \$1,339.60 for Tartesso Community Association; Correspondence-7/2/2014-Letter from Ekmark & Ekmark LLC to Easy Investments regarding outstanding balance of \$1,277 for Grayhawk Community and \$1,607.39 for Retreat Village. Note on letter reads "Sold"; Court Document: Grayhawk Community vs. Easy Investments-4/22/2014-Notice and Claim of Lien. Note on document reads "Offered \$600 on 5/1. Declined. Requested payment plan. Sold"; Court document: Sundance Residential HOA vs. Easy Investments-7/31/2014-Notice of Dismissal; Court document: Marbeya Condominium HOA vs. Easy Investments-4/7/2014-Judgment of \$4,993.89. Note on document reads: "Offered \$4,000 5/15. E-

mailed 5/22, 5/28. Check from Magnus Title???? Paid by Magnus"; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-6/2/2014-Summons. Note on document reads: "6/19 Check back next week for payoff. 7/2 Offered \$3,000. Owe \$4,394.86. Accepted \$3,628.36"; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/20/2014-Order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Request for preliminary and permanent injunctions; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Plaintiff's request to schedule hearing Re: order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Plaintiff's request to schedule hearing Re: order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Verified complaint; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Certificate of compulsory arbitration; Court document: Northern Manor Two Townhouse Association vs. Easy Investments-7/11/2014 -Satisfaction of judgment; Correspondence: Satisfaction and Release of Lien-7/11/2014-Document showing that Easy Investments has paid the balance due to Northern Manor Two Townhouse Association and thereby released the lien; Court document: Sundance Residential HOA vs. Easy Investments-1/12/2014 -Complaint. Note on document reads "Owe \$4,423.22. Offered \$3,000. Accepted \$3,200. Paid 7/11"; Court document: Sundance Residential HOA vs. Easy Investments-2/20/2014-Summons; Correspondence: Satisfaction and Release of Notice of Association Assessment Lien-7/1/2014-Document showing that Arizona Home Foreclosures has paid the balance due to White Tank Foothills Community Association and thereby released the lien; Correspondence-5/9/2014-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$4,217.60 for Anasazi Village Condominiums HOA. Note on letter reads "Offered \$3,300 5/28.



Accepted 6/30. \$4,548.60 accepted. Waived \$785. Owe \$3,763.60 by July 30th"; Correspondence-6/10/2014-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$1,407.56 for Watson Estates HOA. Note on letter reads "Offered \$600 6/18. Waived \$400. Owe \$1,007.56"; Correspondence-6/11/2014-Letter from Vistancia Village HOA to Easy Investment regarding outstanding balance of \$2,543.17. Note on letter reads "Offered \$2,000 6/16. Paid 7/2"; Correspondence-9/19/2014-Letter from Carpenter Hazelwood PLC to Easy Investments regarding a CC&R violation in regards to turf in the front yard needing repairs; Correspondence-6/23/2014-Release of notice and claim of lien by Rancho Gabrielda for Arizona Home Foreclosures; Correspondence-6/23/2014-Release of notice and claim of lien by Lantana Village HOA for Easy Investments; Court Document: Latana Village HOA vs. Easy Investments-6/23/2014-Notice of Voluntary Dismissal Without Prejudice; Court Document: Dreaming Summit HOA vs. Arizona Home Foreclosures-6/23/2014-Notice of Voluntary Dismissal Without Prejudice; Court Document: Rancho Gabriela HOA vs. Arizona Home Foreclosures-6/23/2014-Notice of Voluntary Dismissal Without Prejudice; Correspondence-6/13/2014-Letter from Ekmark & Ekmark LLC to Easy Investments regarding receipt of a check for \$11,303.10 for Los Paseos Condos to bring account current; Correspondence: Satisfaction and Release of Lien-6/10/2014-Document showing that Arizona Home Foreclosures has paid the balance due to Sonoran Vista HOA and thereby released the lien; Correspondence-3/4/2014-Letter from CMCC to Easy Investments regarding outstanding balance of \$1,668.13 for Spectrum Community Association. Note on letter reads "Sent offer of \$1,100 4/17. Board meeting at the end of May 5/2. Re emailed 5/22. Should have an answer by 5/28. Re-emailed"; Correspondence-6/2/2014-Letter from The Spectrym at Val Vista to Easy Investments stating the \$1,100 offer (see above) was denied; Correspondence-5/6/2014-Letter from Courtyards at Northern HOA to Easy Investments regarding outstanding balance of \$920.19. Note on letter reads "5/22

	<p>Offered \$700. Re-emailed 5/28. Won't settle"; Correspondence: Notice of Intention to Lien-5/31/2014-Letter from Pepperwood Townhomes HOA to Arizona Home Foreclosures regarding outstanding balance of \$621 and an intent to place a lien on the property; Correspondence-3/13/2014-Letter from Ekmark &amp; Ekmark LLC to Easy Investments regarding outstanding balance of \$2,206 for Sienna Condominiums HOA. Note on letter reads "5/22 Offered \$2,000. Waiting for response from board"; Correspondence-5/7/2014-Letter from Carpenter Hazelwood PLC to Arizona Home Foreclosures regarding an outstanding balance of \$1,251.61 for Country Place Community Master Association. Note on letter reads "Offered \$800"; Correspondence: Lien Letter-5/19/2014-Letter from Canyon Trails HOA to Arizona Home Foreclosures regarding outstanding balance of \$1,041.87 and that a lien has been placed on the property. Note on letter reads "5/22 offered \$700. Won't settle"; Correspondence-4/14/2014-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$1,032.90 for White Tanks Foothills Community Association. Note on letter reads "Offer \$750 4/21. Sent email to board 5/2. Emailed 5/15 board meeting at end of month. Will receive something by mail. Contacted 5/28. Just pay"; Correspondence: Satisfaction and Release of Lien-6/2/2014-Letter from Glenhurst HOA to Easy Investments stating the account has been paid in full and the lien has been released; Correspondence-3/17/2014-Email from the Town of Buckeye to Jennifer Hayes regarding five Arizona Home Foreclosures and Easy Investments properties undergoing foreclosure collection process for total arrears of \$3,514.89. Note on email reads "Paid 3/18/14"; Correspondence: Demand Letter-1/7/2014-3 letters from Ladera Vista to Easy Investments regarding outstanding balance; <b>MANY OTHER NOTICES/HOA DOCS; Utility Service Requests, Property violation notices, Auto King records, Employee forms</b></p>			
67	<p>Expando labeled, "DenSco Investment Corporation-Blue Sky issues"; Folder titled Blue Sky issues-Correspondence; Folder titled Blue Sky issues-Memoranda; Expando labeled, "DenSco Investment Corporation-</p>	<p>Clark Hill boxes received 10/14/16</p>	<p>Simon Consulting, LLC</p>	<p>Bates Stamp DIC0000001-0011917; Covers boxes #67-#72</p>

	<p>General Corporate"; Folder titled General Corporate-Correspondence 2; Folder titled General Corporate-Memoranda; Expando labeled "DenSco Investment Corporation-General Corporate"; Folder titled General Corporate-Correspondence; Folder titled General Corporate-Drafts; Folder titled General Corporate-Research; Folder titled General Corporate-Attorney Notes; Folder titled General Corporate-Client Documents; Folder titled General Corporate-Demand Letter-NYAZ Properties LLC; Folder titled General Corporate-Kaylene Moss Garnishment; Expando labeled "DenSco Investment Corporation-2007 Private Offering"; Folder titled 2007 Private Offering-Correspondence; Folder titled Private Offering-Attorney Notes; Folder titled Private Offering-Drafts; Folder titled 2007 Private Offering-Legal</p>			
68	<p>Expando labeled "DenSco Investment Corporation-2009 Private Offering Update-Drafts"; Expando labeled "DenSco Investment Corporation-2009 Private Offering Update"; Folder titled 2009 Private Offering Update-Correspondence; Folder titled 2009 Private Offering Update-Memoranda; Folder titled 2009 Private Offering Update-Research; Folder titled 2009 Private Offering Update-Attorney Notes; Expando labeled "DenSco Investment Corporation-2008 Private Offering"; Folder titled 2008 Private Offering-Correspondence; Folder titled 2008 Private Offering-Memoranda; Folder titled 2008 Private Offering-Drafts; Folder titled 2008 Private Offering-Legal; Folder titled 2008 Private Offering-Research; Folder titled 2008 Private Offering-Attorney Notes; Folder titled 2008 Private Offering-Due Diligence; Folder titled 2008 Private Offering-Client Documents; Expando labeled "DenSco Investment Corporation-2007 Private Offering"; Folder titled 2007 Private Offering-Correspondence; Folder titled 2007 Private Offering-Attorney Notes; Expando labeled "DenSco Investment Corporation-2007 Private Offering #2"; Folder titled 2007 Private Offering-Distribution Package dated 5/18/07 and 5/22/07; Folder titled 2007 Private Offering-Distribution Package dated 6/5/07; Folder titled 2007 Private Offering-Draft #2; Folder titled 2007 Private Offering-Draft #3</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

69	<p>Expando labeled "DenSco Investment Corporation-2013 Private Offering Memorandum"; Folder titled 2013 Private Offering Memorandum-Attorney Notes; Folder titled 2013 Private Offering Memorandum-Elizabeth Sipes Attorney Working File; Folder titled 2013 Private Offering Memorandum-Due Diligence; Folder titled 2013 Private Offering Memorandum-Correspondence; Folder titled 2013 Private Offering Memorandum-Drafts; Expando labeled "DenSco Investment Corporation-Formation of Affiliated Entity with Partners"; Folder titled Formation of Affiliated Entity with Partners-Correspondence; Folder titled Formation of Affiliated Entity with Partners-Due Diligence; Expando labeled "DenSco Investment Corporation-Garnishments"; Folder titled Garnishments-Correspondence; Folder titled Garnishments-Memorandum; Folder titled Garnishment-Legal; Expando labeled DenSco Investment Corporations-AZ Practice Review; Folder titled AZ Practice Review-Correspondence; Folder titled AZ Practice Review-Drafts; Folder titled AZ Practice Review-Legal Research; Folder titled AZ Practice Review-Attorney Notes; Expando labeled "DenSco Investment Corporation-2011 Private Offering Update"; Folder titled 2011 Private Offering Update-Correspondence; Folder titled 2011 Private Offering Update-Legal Research; Folder titled 2011 Private Offering Update-Attorney Notes; Expando labeled "DenSco Investment Corporation-2011 Private Offering Update; Contents: Drafts of Private Offering Memorandum; Expando labeled "DenSco Investment Corporation-2009 Private Offering Update"; Folder titled 2009 Private Offering Update-Correspondence; Folder titled 2009 Private Offering Update-Memorandum; Folder titled 2009 Private Offering Update-Legal; Folder titled 2009 Private Offering Update-Attorney Notes; Folder titled 2009 Private Offering Update-Research</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72
70	<p>Expando labeled "DenSco Investment Corporation-Workout of Lien Issue (43820.170082)"; Folder titled Workout of Lien Issue-Correspondence; Folder titled Workout of Lien Issue-Attorney Notes; Folder titled Workout of Lien Issues-Client Documents; Folder titled Workout of Lien</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

	Issues-Final Documents; Folder titled Workout of Lien Issue-Work Papers; Folder titled Drafts-DGB; Folder titled Workout of Lien Issue-Drafts; Expando labeled "DenSco Investment Corporation-Workout of Lien Issue(43820.170082)-Correspondence #2"; Expando labeled "DenSco Investment Corporation -Workout of Lien Issue(43820.170082)-Correspondence #3"			
71	Expando labeled "DenSco Investment Corporation-Workout of Lien Issue(43820.170082)" Contents: Drafts of Term Sheet, Forbearance Agreement, Guaranty Agreement, Secured Line of Credit Promissory Note, Security Agreement; Folder titled DAS Working File(contains emails and draft agreements); Folder titled DAS Working File(contains drafts of Authorized Update, Forbearance Agreement, Confidentiality and Non-Disclosure Agreement); Expando labeled "DenSco Investment Corporation-2003 Private Offering Memorandum"-this date on the label is incorrect, it should read 2013 and applies to all the contents within this Expando; Folder titled 2003 Private Offering Memorandum-Correspondence; Folder titled 2003 Private Offering Memorandum-Correspondence; Folder titled 2003 Private Offering Memorandum-Work Papers; Folder titled 2003 Private Offering Memorandum-Drafts; Folder titled (handwritten) DenSco PPM; Folder titled 2003 Private Offering Memorandum-Client Documents; Folder titled 2003 Private Offering Memorandum-Final Documents; Expando labeled "DenSco Investment Corporation-Business Matters(43820.170145); Folder titled ADFI Response-Documents; Folder titled ADFI Response-Correspondence; Folder titled Business Matters-Attorney Notes; Folder titled Business Matters-Final Documents; Folder titled Business Matters-Drafts; Folder titled Business Matters-Client Documents; Folder titled Business Matters-Work Papers; Folder titled Business Matters-Correspondence	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72
72	Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376); Folder titled Business Wind Down-Correspondence; Folder titled Business Wind Down-Client Documents; Folder titled Business Wind Down-Attorney Notes; Folder titled Business Wind Down-Drafts; Folder titled	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

	Business Wind Down-Documents; Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376)-Correspondence(1)"; Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376)-Correspondence(2)"			
73	<p><b>1 Master CD-ROM of box contents scanned and Bates Stamped by ALTEP Digital Discovery; Box contents include:</b></p> <p>13 CD-ROMs containing statements for:</p> <ul style="list-style-type: none"> <li>●Beneficial Finance LLC - #1-517-0572-2727</li> <li>●Arizona Home Foreclosure LLC- #1-517-0572-2735</li> <li>●Furniture King LLC - #1-517-0426-4440</li> <li>●Easy Investments LLC - #1-517-0426-4457</li> <li>●Yomtov &amp; Francine Menaged - #1-517-0553-6416</li> </ul> <p>Paper documents: Correspondence with US Bank, original subpoenas; Copies of signature cards, checks, withdrawals, deposits, cashier check purchases for the accounts</p>	US Bank document production for Scott Menaged related entities received 11/17/16	Simon Consulting, LLC	Bates Stamp DIC0011918-0016612
74	<p><b>Paper hard copies of US Bank statements for:</b></p> <ul style="list-style-type: none"> <li>●Beneficial Finance LLC - #1-517-0572-2727</li> <li>●Arizona Home Foreclosure LLC- #1-517-0572-2735</li> <li>●Furniture King LLC - #1-517-0426-4440</li> <li>●Easy Investments LLC - #1-517-0426-4457</li> <li>●Yomtov &amp; Francine Menaged - #1-517-0553-6416</li> </ul> <p><b>Paper hard copies of signature cards, checks, withdrawals, deposits, cashier check purchases for the accounts</b></p>	US Bank document production for Scott Menaged related entities received 11/17/16	Simon Consulting, LLC	
75	<p><b>1 Master CD-ROM of Chase boxes scanned and Bates Stamped (DIC0016613-0025330) by ALTEP Digital Discovery:</b></p> <ul style="list-style-type: none"> <li>●Arizona Home Foreclosures LLC - #582551151</li> <li>●Yomtov S Menaged - #590218371(Checking)</li> <li>● Yomtov S Menaged - #3317775525(Savings)</li> <li>● Yomtov S Menaged - #663708290(Checking)</li> <li>●Furniture King LLC - #904531381</li> <li>●Furniture King LLC - #788855893</li> <li>●Scott's Fine Furniture LLC - #817256758</li> </ul> <p><b>Paper copies of signature cards, statements, wires, deposits, checks and withdrawals for:</b></p> <ul style="list-style-type: none"> <li>●Arizona Home Foreclosures LLC - #582551151</li> </ul>	Chase Bank document production for Scott Menaged related entities received 1/15/07	Simon Consulting, LLC	Bates Stamp DIC0016613-0020261
76	<b>Paper copies of signature cards,</b>	Chase Bank document	Simon Consulting,	Bates Stamp

	<b>statements, wires, deposits, checks and withdrawals for:</b> <ul style="list-style-type: none"> <li>●Arizona Home Foreclosures LLC - #582551151(continued)</li> <li>●Yomtov S Menaged - #590218371(Checking)</li> <li>● Yomtov S Menaged - #3317775525(Savings)</li> <li>● Yomtov S Menaged - #663708290(Checking)</li> <li>●Furniture King LLC - #904531381</li> </ul>	production for Scott Menaged related entities received 1/15/07	LLC	DIC0020262-0023577
77	<b>Paper copies of signature cards, statements, wires, deposits, checks and withdrawals for:</b> <ul style="list-style-type: none"> <li>●Furniture King LLC - #904531381</li> <li>●Furniture &amp; Electronic King LLC - #788855893</li> <li>●Scott's Fine Furniture LLC - #817256758</li> </ul>	Chase Bank document production for Scott Menaged related entities received 1/15/07	Simon Consulting, LLC	Bates Stamp DIC0023578-0025330
78	Tidewater Finance Company; Customer financial paperwork 12/13 – 3/15	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
79	Accounts Payable for various Menaged entities 4/14 – 10/15	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
80	Customer Invoices(2015-2016), Sign-in sheets, Miscellaneous notebooks & loose papers	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
81	Multiple property files, Customer sign-in sheets	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
82	Customer credit applications, Menaged divorce folder, Beneficial Financial LLC folder, Menaged mortgage docs (10510 E. Sunnyslope),	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
83	Customer invoices 2012 – February 2015	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
84	Property files: <ul style="list-style-type: none"> <li>●2025 N.106<sup>th</sup> Dr.</li> <li>●23805 N. Papago St.</li> <li>●15835 N. 47<sup>th</sup> St.</li> <li>●3826 E. Palmer St.</li> <li>●1814 E. Kenwood St.</li> <li>●1020 E. Osborn Rd. #A</li> <li>●3938 N. Sapphire</li> <li>●18131 N. Roth Ave.</li> <li>●5357 S. Ranger Trail</li> <li>●320 S. 70<sup>th</sup> St. #9</li> </ul> Plus many others	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
85	Property files, Payroll taxes, Rental property files, Miscellaneous utility bills, Blank forms, 2014 Payroll journals,	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
86	Customer invoices, Credit applications	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
87	Intentionally skipped for now			

88	<ul style="list-style-type: none"> <li>●DenSco Bank of America statements for account #004672028555 covering 2012, 2013, 2014</li> <li>●DenSco Bank of America statements for account #004657167509 covering 2012, 2013, 2014;</li> </ul> Folder labeled Expenses 2012; Folder labeled 2012 940, 941, AZ State; Folder labeled Accounting 2012; Other tax and accounting files for years 2012, 2013, 2014; Folder labeled FICA;	Gammage and Burnham boxes received 8/26/16	Simon Consulting, LLC	
89	Past Investor files	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
90	Furniture price lists; Customer invoices & credit applications; Consumer complaints; Employee files	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
91	Property lease files; Eviction files 2011, 2012, 2013, 2014, 2015	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
92	Property lease files	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
93	Notice of default letter; Vendor invoices; Original re-finance documents for Sunnyside property; Forbearance agreement between AHF, Furniture King, Scott Menaged and DenSco-executed except by DenSco; Purchase contracts-4 properties, appears the seller is AHF	Furniture King Store(Van Buren location) boxes received 10/4/16	Simon Consulting, LLC	
94	<b>Main desk files:</b> Miscellaneous, DenSco, Scott's Fine Furniture, Furniture & Electronics King, American Furniture, Auto King, Beneficial Finance, AZ Home Foreclosures, Lease Files:-5905 W. Bell Rd., 13350 W. Van Buren, 424 W. Thomas Rd., 7320 W. Bell Rd., 64 N. 45 <sup>th</sup> Ave., 1660 S. Alma School, 6905 W. Bell Rd., Furniture King, Auto King: 2015 1099 Forms, Menaged's DL, Veronica's personal, Veronica's paystubs, Veronica's notary and Real Estate license, Veronica's Marriage certificate, Tempoe, Gafco, Sandberg, Auto King-Francine Menaged, Consumer complaint, Furniture King-Liquidation sale, Penske Truck Rental, Advertising, Customer applications, B of A Merchant Services account, Insurance-Workers comp, Business insurance-Allstate, Coaster, Miscellaneous employee paperwork, Auto King logs, Furniture store list, Office supply orders, Tidewater, Beneficial Finance loans to 3 <sup>rd</sup> parties, Alexandra Castro auto loan, Sales/TPT tax 2013, 2014, 2015	Furniture King Store(Van Buren location) boxes received 10/4/16	Simon Consulting, LLC	
95	CD containing documents produced by Scott Menaged in response to Receiver's	Schian Walker, PLC; Chandler Police Dept.;	Simon Consulting, LLC	



<p>2004 request for production; CD containing photos from the police investigation surrounding Denny Chittick's death; Death Investigation Report from the police investigation surrounding Denny Chittick's death; 10/24/16 cover letter, privilege log, and hard drive containing Denny Chittick's Yahoo emails; USB drive containing electronic Bates labeled copies of DenSco and selected Furniture King records scanned by the ACC (duplicate of hard copies); Clark Hill, PLC billing statements; Bank statements and correspondence for the DenSco Defined Benefit Pension Plan's FirstBank account ending in 1963; Bank statements, canceled checks, detailed wire spreadsheets, and correspondence for DenSco's FirstBank account ending in 5264; Mainstar Trust billing statements and correspondence; Undated letter (rcvd 02/27/17) regarding Mortgage on property at 5219 E Anderson Dr, Scottsdale, AZ; 08/23/16 letter from the Office of the Arizona Attorney General regarding Jolene Page Walker; 10/04/16 letter from the Office of the Arizona Attorney General regarding Jolene Page Walker; 05/25/12 Petition for Dissolution of Marriage in re: Ranasha Dawn Chittick, Petitioner, and Denny Jeff Chittick, Respondent; Various original deposited checks from Denny Chittick's office; Corporate records for Furniture King, LLC including Articles of Organization, litigation documents re: Michael Evans, litigation documents re: Transamerican Capital, LLC; Contents from the box held in the dryer at the residence of Denny Chittick's parents (excluding cash); Miscellaneous documents found under files in Denny Chittick's desk drawer, including request for credit information; complaint re: Bruce Church; notice of trustee's sale; etc.; Miscellaneous documents received from investors: BLL Capital, LLC c/o Barry Luchtel; Rob Brinkman; Craig &amp; Tomie Brown; Anthony Burdett; Dori Ann Davis; Glen Davis; Jack Davis; Amy Dirks; Judy Hughes; Paul Kent; Wayne Ledet; LJI Capital, LLC c/o Landon Luchtel; Jim McArdle; Brian Odenthal; Jeff Phalen; Michael &amp; Annette Scroggin; Stewart Sherriff; Branson (aka Tony) &amp; Sandra Smith; Don Sterling; Gary &amp; Coralee Thompson; Stephen Tuttle; Wade Underwood; Form 1120S US Income Tax Returns for</p>	<p>Gammage &amp; Burnham, PLC; Arizona Corporation Commission; Clark Hill, PLC; FirstBank; Mainstar Trust; Campbell &amp; Coombs, PC; Arizona Attorney General; Clerk of the Maricopa County Superior Court; Shawna Heuer; Various Investors; Internal Revenue Service; Internal Revenue Service (via Lisa Reilly, Esq.); David Preston of Preston CPA, PC</p>		
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	DenSco Investment Corporation for 2011-2015; IRS correspondence and Form 1120S Tax Return Transcripts for DenSco Investment Corporation for 2013-2015; K-1 and 1099 Form Transcripts for DenSco Investment Corporation for 2011-2015; IRS fax coversheets to Lisa Reilly and Form 1120S Tax Return Transcripts for DenSco Investment Corporation for 2014; K-1 and 1099 Form Transcripts for DenSco Investment Corporation for 2013-2015; Account Transcripts for DenSco Investment Corporation for 2013-2015; Preston CPA, PC's tax files for DenSco Investment Corporation, including Form 1120S US Income Tax Returns and work papers for 2010-2015			
96	USB drive containing images from Denny Chittick's iPhone and iPad; USB drive containing Denny Chittick's Yahoo emails; QuickBooks files and audio file of recorded conversation between Scott Menaged and Denny Chittick; 09/06/16 cover letter, privilege log, and CD containing electronic copies of the corporate logs/journals maintained by Denny Chittick; 08/31/16 cover letter and USB drive containing various electronic files extracted from Denny Chittick's computer; 09/29/16 cover letter and USB drive containing miscellaneous restored DropBox files; 08/31/116 cover letter, privilege log, and DenSco legal files (redacted and unredacted): Legal 2012, Legal 2013, Legal 2014, 2016 Legal; 10/24/16 cover letter, privilege log, and hard drive containing Denny Chittick's Yahoo emails; Hard drive and backup drive each containing data extracted by Forensic Consulting Solutions from American Furniture's computer and Scott Menaged's computer, iPhone, and AOL email account; thumb drive containing "Hot Docs" identified by FCS from aforementioned devices; thumb drive containing data extracted from Scott Menaged's iPhone	D4, LLC; Gammage & Burnham, PLC	Simon Consulting, LLC	<b>PRIVILEGED</b> Bates Stamp
97	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
98	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
99	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	



118	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
119	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
120	Business bank statements-Chase #1381; AMEX receipts; Wells Fargo account statements; Copies of checks, deposits, wire transfers; Customer applications; Vendor invoices; Miscellaneous financial institution statements; 2009 1040 tax return and state tax receipts; Employee medical evaluation reports	Furniture King	Simon Consulting, LLC	
121	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
122	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
123	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
124	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
125	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
126	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
127	Copies of deposits for Easy Investments- B of A account #5496; Easy Investments account statements, deposits and withdrawals for #2190 and #1944 - 12/12 through 1/13; B of A bank statements from 1/10 through 1/13 for Easy Investments account #5496; Redwell with Wells Fargo production totaling 29 pages(not Bates Stamped)	Subpoena requests to Bank of America and Wells Fargo	Simon Consulting, LLC	Bates Stamp DIC0025331-0028632
128	Denny's Files consisting of email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0028634-0032150
129	Denny's Files consisting of email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0032151-0035600
130	Denny's Files consisting of email correspondence; Files labeled as "Docs"	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0035601-0039200
131	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0039201-0042699

132	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0042701-0046200
133	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0046201-0049700
134	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0049701-0053169
135	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0053166-0053950
136	Scott Menaged Rule 2004 Production; Bank statements including AZ Home Foreclosure at Chase #1151; These are Bates Stamped "Menaged 0001-3956"	Scott Menaged	Simon Consulting, LLC	Bates Stamp Menaged 0001-3956
137	Document production from Bank of America-Easy Investments, Copies of checks over \$1,000 for 2010 and 2011	Subpoena requests to Bank of America	Simon Consulting, LLC	Bates Stamp DIC0056083-0057145
137	Wells Fargo- All Menaged account statements, debit and credit items Wells Fargo-Easy Investments account statements, debit and credit items; Savings #1712, Checking #3296 US Bank-Account #6416-Yomtov Menaged, #4457-Easy Investments, #4440-Furniture King; Copies of cashier's checks and offsets from counter withdrawals	Subpoena requests to Wells Fargo and US Bank	Simon Consulting, LLC	Bates Stamp DIC0070481-0070840
138	Checks and deposit slips for Short Term Finance, LLC's BofA account ending in 0078; Checks, deposit slips, and endorsement stamp for Easy Investments, LLC's BofA account ending in 5496; Deposit slips and endorsement stamp for Divine Design Home Interiors, LLC's BofA account ending in 8986; Checks for Yomtov S. Menaged's Merrill Lynch account ending in 5181; ADP Earnings Statements issued to Yomtov S. Menaged; Miscellaneous mail addressed to Yomtov S. Menaged, Michelle Menaged, Jess Menaged, Valerie Bambulas, Salvatore & Josephine Baratto, and Furniture King; Business cards for Scott Menaged/Furniture King; Business cards for Luigi Amoroso/Easy Investments, LLC/buyzauctionhomes.com; 2011 Form 1040 income tax return for Yomtov S. Menaged; Statements for Yomtov S. Menaged's BofA account ending in 1289, Sep-Oct 2012; Blank GE Capital credit applications; Miscellaneous documents, including 1099 forms, and other documents from ~2011-2012; Miscellaneous items, including Brandon Menaged's schoolwork, Flat Stanley book, greeting cards, post-it notes, etc.; The Yomtov Scott Menaged Living Trust binder	Furniture King	Simon Consulting, LLC	

	prepared by LegalZoom.com; QuickBooks Pro 2012 software; VeriFone PIN pad model 1000SE; VeriFone credit card machine model VX 520; VeriFone credit card machine model VX 510; Numerous Form W-2G forms reporting 2007 gambling winnings by Scott Menaged; Scott Menaged's Arizona Driver's License; Numerous credit cards in the name of Yomtov S. Menaged; Miscellaneous membership cards; Miscellaneous knickknacks			
139	Gomen Furniture, Inc. binder containing passwords for various merchant accounts; AFLAC benefit information materials; Furniture Wizard user guide; Layaway receipt book; Wells Fargo Retail Services paperwork; Furniture of America sales materials; Miscellaneous employee paperwork; Miscellaneous invoices for inventory purchased from various vendors; Miscellaneous furniture sales invoices, sales reports,; Miscellaneous unlabeled files; Files titled: Furniture King, New Hire Paperwork, Delivery & Assembly Fee Contracts, Master Copy, Wells Fargo Disclosure 2013, Closeout Report, Bills, Terrell, Guardian West, Application for Credit, Computer, Crypton, Bank Account Verification Form, Layaway Form, Up Sheet, Supply List, Break Sheet, X Employee File, Layaway File, Mesa, Weekly Sale Sheet for Salesperson	Furniture King	Simon Consulting, LLC	
140	Correspondence, Documents, Etc.; 4 CD-ROMs from Clark Hill for counsel at Osborn Maledon containing copies of original production	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
141	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
142	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
143	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
144	Investor Proof of Claim forms [Receiver_002518-004487]; Change of Ownership Request forms and other correspondence received from Mainstar Trust	Documents received from claimants in response to DenSco claims process	Simon Consulting, LLC	Bates Stamp RECEIVER_002518-004487
145	Original document production from Bank of America for Easy Investments account #5496-copies of checks; Copies of withdrawals for Yomtov Menaged related accounts: #2190, #1994, #5052, #2208,	Subpoena requests to Wells Fargo and Bank of America	Simon Consulting, LLC	Bates Stamp DIC0053951-0056082; DIC0057146-0057200; DIC0070481-0070870; DIC0070871-0070882;

	#5410, #6814, #1434; Opening account documents at Chase bank; White envelope containing Original document production and Bates Stamped version on CD of: Easy Investments-Transfer reports #5496; Manilla envelope containing Original document production and Bates Stamped version on CD of: Signature Cards and Corporate Resolutions for: Keg Inspections #3572, DenSco Investment Corp. #7509 and #8555, Shinning City Project, LLC #8162; Signature cards for Melinda Renee Morgan #0917, Charles G. Darling #4632 and #0904, Hope H Kopp #0715, Tam M Bui Minh Pham #3302; Manilla envelope containing BofA opening account documents for #1289, #1977, #0078(Yomtov S. Menaged & Francine Lipari, Short Term Finance); 1 CD ROM from Osborn Maledon RE: DenSco Investment/Clark Hill produced documents which are supplemental documents Clark Hill produced; CD (PHX007640) containing copies of B of A checks			DIC0070883 -0070928; DIC0070929 -0070949; CH0013281-0013330
146	Vendor invoices for furniture purchases, miscellaneous receipts, and other miscellaneous documents.	Furniture King	Simon Consulting, LLC	
147	Vendor invoices for furniture purchases, miscellaneous receipts, and other miscellaneous documents.	Furniture King	Simon Consulting, LLC	
148	Cover letter from the Arizona Corporation Commission dated 02/13/18 and copies of email correspondence requested by Guttilla Murphy Anderson [ACC005458-AC005519]; USB drive containing emails from Scott Menaged's AOL account (excluding privileged items) extracted by Forensic Consulting Solutions and corresponding privilege log; CD containing documents supporting Receiver's solvency analysis, including miscellaneous spreadsheets and recorded documents extracted from public records; Correspondence from Scott Menaged to Ryan Anderson dated 12/22/17; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 01/31/18; Correspondence from Scott Menaged to Jack Edwards dated 03/01/18; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 03/01/18; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 04/09/18; Correspondence from Scott Menaged to Steve Nemecek dated 04/26/18; Correspondence from Scott Menaged to Jack Edwards dated 05/18/18;	Bryan Cave, LLP; Arizona Corporation Commission; Simon Consulting, LLC	Simon Consulting, LLC	Bates Stamp BC_000001- 003052; ACC005458-005519; BC_003189; RECEIVER_000001-001497; RECEIVER_001498-001548

Correspondence from Scott Menaged to Ryan Anderson dated 07/01/18;  
Correspondence from Scott Menaged to Ryan Anderson dated 07/12/18;  
Correspondence from Scott Menaged to Ryan Anderson dated 07/26/18;  
Correspondence from Scott Menaged to Ryan Anderson dated 08/07/18; Cover letter from Osborn Maledon dated 01/25/18 and disc containing documents produced by Bryan Cave [BC\_000001-003052]; Cover letter from Osborn Maledon dated 03/09/18 and disc containing a voicemail message file produced by Bryan Cave [BC\_003189]; Cover letter from Osborn Maledon dated 06/19/18 and disc containing documents produced by Clark Hill [CH\_0013387-0013616], Sell Wholesale Funding [SELL000001-000766], Azben Limited [AZBEN000001-005248], Geared Equity [GE000001-000257], and Active Funding Group [AF000001-002448]; Cover letter from Osborn Maledon dated 06/26/18 and disc containing documents produced by Clark Hill [CH\_0013617-0013946]; Cover letter from Osborn Maledon dated 07/17/18 and discs containing documents produced by Clark Hill [CH\_0000001-0013386, CH\_0013947-0017996], and documents produced by the Receiver [RECEIVER\_000001-001497]; Cover letter from Osborn Maledon dated 08/07/18 and disc containing transcripts and exhibits from the depositions of Daniel Schenk, Robert Anderson, and David Beauchamp; Complaint dated 10/16/17; Answer dated 01/08/18; Declaration of Mark T. Hiraide dated 03/08/18; Defendants' Initial Rule 26.1 Disclosure Statement dated 03/09/18; Plaintiff's Initial Disclosure Statement dated 03/09/18; Plaintiff's Objections and Responses to Defendants' First Set of Non-Uniform Interrogatories dated 03/09/18; Plaintiff's Objections and Responses to Defendants' First Set of Requests for Production of Documents dated 03/09/18; Defendants' First Supplemental Rule 26.1 Disclosure Statement dated 03/16/18; Defendants' Second Supplemental Rule 26.1 Disclosure Statement dated 03/20/18; Plaintiff's Second Disclosure Statement dated 03/27/18; Plaintiff's Third Disclosure Statement dated 05/15/18; Defendants' Notice of Non-Parties at Fault dated 06/07/18; Defendants' Third Supplemental



	<p>Rule 26.1 Disclosure Statement dated 06/13/18; Defendant Clark Hill's Responses to Plaintiff's First Set of Requests for Production of Documents dated 06/21/18; Defendant David Beauchamp's Responses to Plaintiff's First Set of Requests for Production of Documents dated 06/21/18; Defendant David Beauchamp's Responses to Plaintiff's First Set of Non-Uniform Interrogatories dated 06/21/18; Defendants' Fourth Supplemental Rule 26.1 Disclosure Statement dated 07/11/18; Plaintiff's Fourth Disclosure Statement dated 07/11/18 including attachments [RECEIVER_001498-001548]; Defendant Clark Hill's Responses to Plaintiff's Second Set of Requests for Production of Documents dated 07/16/18; Plaintiff's Third Set of Requests for Production of Documents to Defendant Clark Hill dated 08/01/18; Folder containing manila envelope containing: Letter from John Edwards to Scott Menaged dated May 8, 2018 requesting a meeting to discuss Active Funding Group's role in the fraud committed against DenSco; Original letter from Scott Menaged to Ryan Anderson dated May 26, 2018; Original receipt from US DOJ Fed Bureau of Prisons of package of legal docs for Scott Menaged; Original receipt from US DOJ Fed Bureau of Prisons returning April 12, 2018 Scott Menaged letter and enclosures including USB flash drive which contains: Folder containing emails redacted for privilege, Final Settlement Agreement between the Receiver and the Menageds dated 7/7/17, Letter from Nathan Mitchler to Ryan Anderson dated October 4, 2017, Menaged Privilege Log, Menaged Sources &amp; Uses Analysis-Updated Summary 3/7/18, smena98754@aol_PRIVILEGED EMAILS.pst, Letter to Scott Menaged from Ryan Anderson dated June 14, 2018 sending requested documents(416 pages)</p>			
149	<p>CD (PHX009498) containing Bank of America production of bank records for Keg Inspections, Inc. account #3572, Kelly &amp; Richelle Griffin account #5398, Richelle Griffin account #7268, Richelle &amp; Haley Griffin account #8625, Richelle &amp; Kaleb Griffin account #8639, Kelly &amp; Richelle Griffin account #6114; CD (PHX009823) containing Bank of America production of cashier's checks and withdrawals for Keg Inspections, Inc. account #3572; CD</p>	<p>Subpoena requests to Chase, Bank of America, and The Rocket Science Group LLC dba MailChimp; Clark Hill PLC; Simon Consulting LLC</p>	<p>Simon Consulting, LLC</p>	<p>Bates Stamp  DIC0070950-0073060;  DIC0073061-0073112;  DIC0073113-0073588;  DIC0073589-0073954;  DIC0073955-0073980;  CH_017997-018011;  CH_018012-018013;  50780LLC000001-000065;  GEAR000001-000203;  DIC0073981-0080604;  DIC0080605-0080616;</p>

(PHX009972) containing Bank of America account opening documents and statements for Lorien and Kirk Fischer #9430, Fischer Family Holdings #4748, Lori L. Fischer #0552 7/2014-12/2015 & 6/2018, Nesta Capital #5514 7/2014-12/2015 & 12/2017, Chase account opening documents and statements for American Furniture LLC account #9052 7/2016-3/2017; CD (PHX010063) containing Chase Bank production of bank records for American Furniture, LLC account #9052; 2 original CDs produced by Bank of America of bank records for Kirk Fischer, et al.; Original hard copy production of CD (PHX009972); Letter from the Receiver to Bank of America re: pre-receivership accounts dated 08/19/16; Letter from the Receiver to FirstBank re: pre-receivership accounts dated 08/19/16; Letter from the Receiver to FirstBank re: pre-receivership accounts dated 08/22/16; Letter from Ryan Anderson to David Beauchamp re: turnover of legal files dated 08/29/16; Letter from Patrick Murphy to Jess Menaged re: Raintree Unit 1020 dated 09/16/16; Letter from Patrick Murphy to Nationstar re: Raintree Unit 1020 dated 09/16/16; Letter from James Polese re: Receiver's Report dated 09/23/16; Letter from GMA to Chase Bank re: Notice of Account Freeze dated 09/27/16; Letter from Kevin Merritt to the Receiver re: DenSco corporate records dated 09/29/16; Letter from Ryan Anderson to Arizona Attorney General re: Justin Wingrove dated 10/12/16; Letter from Ryan Anderson to Arizona Attorney General re: Paige Walker dated 10/12/16; Letter from Ryan Anderson to Arizona Business Bureau re: Robert Barr dated 10/12/16; Letter from Patrick Murphy to Michelle Menaged re: Charter Oak dated 10/18/16; Letter from Patrick Murphy to Ocwen re: Raintree Unit 1004 dated 10/18/16; Letter from Patrick Murphy to US Bank re: Charter Oak dated 11/03/16; Letter from Patrick Murphy to Western Progressive re: Raintree Unit 1004 dated 11/16/16; Letter from James Polese re: Defined Benefit Plan dated 12/02/16; Receiver's 12/23/16 Status Report (DIC0073955-0073980); Letter from Patrick Murphy to Ocwen re: Raintree Unit 1004 dated 12/29/16; Letter from Patrick Murphy to Wells Fargo re: Charter Oak dated 01/12/17; Letter from Cody Jess re:

DIC0080617-0080774;  
RECEIVER\_001549-002517;  
PAJ000001-000031  
RECEIVER\_004488-004896

<p>Settlement Offer dated 03/02/17; Letter from James Polese re: Tax Issues dated 03/07/17; Letter from Kevin Merritt re: Tax Issues dated 03/10/17; Letter from Pension Strategies re: DenSco Defined Benefit Plan dated 03/14/17; Letter from Patrick Murphy to Courtyards HOA re: Winter Dr dated 03/23/17; Letter from Cody Jess to Ryan Anderson re: AFG &amp; Settlement Offer dated 03/30/17; Letter from Patrick Murphy to Quality Loan Svc re: Charter Oak dated 06/09/17; Letter from the Receiver to Carsyn Smith Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Chris Harvey re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Fischer Family Holdings re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Four Futures Corp re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Karen Quigley re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Marrion Minchuk Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver McKenna Smith Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Nesta Capital re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Nishel Badiani re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Princeville Investment Group re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Sundance Debt Partners re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Thomas Stevenson re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Donald Kimble IRA re: Ponzi profits claim dated 06/27/17; Letter from the Marrion Minchuk Trust re: Ponzi profits claim dated 07/13/17; Letter from Randy Udelman re: Chittick Insurance dated 07/16/17; Letter from Sundance Partners re: Ponzi profits claim dated 08/07/17; Letter from Ryan Anderson to Judge Teresa Sanders re: case background dated 08/08/17; Letter from counsel for Four Futures, et al. re: Ponzi profits claim dated 08/09/17; Letter from Patrick Murphy to Quality Loan Svc re: Charter Oak dated 08/15/17; Letter from John DeWulf to Geoffrey Sturr re: Clark Hill litigation dated 09/12/17; Letter from Ryan Anderson to James Valletta re: Ponzi profits claim dated 09/21/17; Letter from Ryan Anderson to Stewart Gross re: Ponzi profits claim dated 09/21/17; Letter from Ryan Anderson to</p>			
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Karen Quigley re: Ponzi profits claim dated 09/26/17; Letter from Ryan Anderson to Kevin Potempa re: Ponzi profits claim dated 09/26/17; Letter from Ryan Anderson to Christopher Harvey re: Ponzi profits claim dated 09/27/17; Letter from Ryan Anderson to Thomas Stevenson re: Ponzi profits claim dated 09/27/17; Letter from Ryan Anderson to Mark Pugsley re: Ponzi profits claim dated 10/03/17; Letter from Ryan Anderson to Louis Silverman re: Ponzi profits claim dated 10/10/17; Letter from Ryan Anderson to Stewart Gross re: Ponzi profits claim dated 10/26/17; Letter from the Receiver to Mainstar Trust re: DenSco status dated 11/30/17; Letter from Receiver to Court re: Scott Menaged dated 12/14/17; Letter from Gammage & Burnham to Geoffrey Sturr re: Clark Hill litigation dated 12/18/17; Letter from James Polese to Geoffrey Sturr re: Clark Hill litigation dated 12/18/17; Subpoena Duces Tecum to Preston CPA, PC dated 12/29/17; Letter from Lisa Reilly to David Preston re: tax issues dated 01/12/18; Letter from Geoffrey Sturr to Vidula Patki re: Clark Hill litigation dated 01/16/18; Letter from Geoffrey Sturr to John DeWulf re: Clark Hill litigation dated 01/17/18; Letter from Geoffrey Sturr to Vidula Patki re: Clark Hill litigation dated 01/17/18; Letter to Sturr re: Document Depository dated 01/19/18; Letter from Marvin Ruth to Geoffrey Sturr re: Clark Hill litigation dated 01/25/18; Letter from Geoffrey Sturr to Marvin Ruth re: Clark Hill litigation dated 01/30/18; Letter from Marvin Ruth to Geoffrey Sturr re: Clark Hill litigation dated 02/15/18; Letter to from Ryan Anderson to Justin Henderson re: DenSco Defined Benefit Plan dated 03/08/18; Letter from Ryan Anderson to Scott Menaged re: Ajamie, emails, & accounting dated 04/12/18; Letter from Kevin Merritt to Ryan Anderson withdrawing claim dated 05/07/18; Letter from Jack Edward to Scott Menaged re: Visitation Dates dated 05/08/18; Letter from Jack Edwards to Scott Menaged re: meeting schedule dated 06/13/18; Letter from Ken Frakes to Joseph Booz of JP Morgan Chase dated 08/21/18 and attachments; Letter from John DeWulf to Geoffrey Sturr RE: Firm intake for the business wind down dated 08/29/18 at attached documents [CH\_017997-018010]; Email from Ken Frakes to James Meredith

and Ryan Anderson dated 08/30/18 Re: Chase matter; Email correspondence between Sara Beretta and Gary Thompson RE: Questions regarding Chittick investors and preferential withdrawals; Letter from Christine Gray to James Valletta re: Fischer BofA production dated 09/24/18; Subpoena issued to Rocket Science Group, LLC dba Mail Chimp dated 09/30/18; Folder containing various email communications between Ryan Anderson and Robert Koehler including attachments; Folder containing Mark S. Sifferman time entries [CH\_0018012-0018013]; Settlement Agreement between the Receiver and Ponzi winner Christopher Harvey; Settlement Agreement between the Receiver and Estate of Denny Chittick; Settlement Agreement between the Receiver and Ponzi winner Donald Kimble; Settlement Agreement between the Receiver and Ponzi winner Karen Quigley; Settlement Agreement between the Receiver and Ponzi winner Nishel Badiani; Settlement Agreement between the Receiver and Scott Menaged; Tolling Agreement between the Receiver and Thomas Smith, et al.; Undated Letter from Harold Campbell re: Fraudulent Mortgage (OLD Loan 5370); Folder containing Victim Impact Statements received from DenSco investors Anthony & Eva Burdett, Bill & Judy Hughes, Brad & Amy Dirks, Carol Wellman, Coralee Thompson, Eileen Cohen, Gary Thompson, Jemma Kopel, Jim McArdle, JoAnn Sanders, Jolene Page, Kennen Burkhardt, Laurie Weiskopf, Marlene Pearce, Mike Scroggin, Pat Miller, Robert Lawson, Tom Weiskopf, Valerie Paxton, Wade Underwood, Wayne Ledet, and Yusuf Yildiz; Defendants' Fifth Supplemental Rule 26.1 Disclosure Statement dated 08/10/18 including attachments [50780LLC\_000001-000065 and GEAR000001-000203]; Defendant Clark Hill's Responses to Plaintiff's Third Set of Requests for Production of Documents dated 08/31/18; Defendants' Disclosure of Areas of Expert Testimony dated 09/07/18; Plaintiff's Disclosure of Areas of Expert Testimony dated 09/07/18; Notice of Videotaped Deposition of Peter S. Davis dated 10/04/18; Change of Ownership Request forms and other correspondence from Mainstar Trust for the following investors: Kennen Burkhart IRA, Stacy Grant IRA, Robert Z. Koehler IRA, LeRoy Kopel IRA,

Wayne J. Ledet IRA, Wayne J. Ledet Roth IRA, Annette Scroggin IRA, Annette Scroggin Roth IRA, Michael Scroggin IRA, Michael Scroggin Roth IRA, Branson Smith IRA, Laurie A. Weiskopf IRA, Thomas D. Weiskopf IRA, and Leslie Jones IRA; Email correspondence between Sara Beretta and Gary Thompson RE: A Few Questions on DenSco Status; CD (PHX010239) containing records produced by The Rocket Science Group dba MailChimp in response to the Receiver's subpoena; Original hard copies of the MailChimp documents contained on CD (PHX010239) including USB drive with spreadsheet; CD (PHX010254) containing Bank of America production of miscellaneous bank records for American Furniture account #9052; Original hard copies of the American Furniture bank records contained on CD (PHX010254); CD (PHX010307) containing Bank of America production of miscellaneous bank records for Four Futures Corp. account 3185 [DIC0080617-0080774]; Original hard copies of the Four Futures Corp. bank records contained on CD (PHX010307); Plaintiff's Fifth Disclosure Statement dated 09/14/18 including disc containing documents produced by the Receiver [RECEIVER\_001549-002517]; Email dated 11/30/18 from John DeWulf regarding deposition of Steve Bungler including selected DenSco statements issued to Steve Bungler and related entities; Emails between Ken Frakes and James Meredith of Chase Bank dated 08/28/18, 09/18/18, and 10/12/18; Documents to be used in the deposition of Brian Imdieke including annual letters from Denny Chittick to his children; Letter dated 12/27/16 from Carlos Arboleda, Esq. to Patrick Murphy, Esq. regarding PAJ Fund I, LLC, including documents related to the loan on the Winter property [PAJ000001-000031]; Transcript from the 12/08/17 interview of Scott Menaged by Kenneth Frakes; Transcripts from the depositions of Daniel Schenk (06/19/18), Robert Anderson (06/21/18), David Beauchamp (Volume 1: 07/19/18, Volume 2: 07/20/18), Shawna Heuer (08/22/18), Mark Sifferman (08/31/18), and Peter Davis (11/16/18); Exhibits from the deposition of Shawna Heuer; Letter from Kenneth Frakes to Scott Menaged dated 12/27/18 and attached USDOJ Visitor Information Application;

	<p>Letter from Scott Menaged to Kenneth Frakes dated 01/02/19; Change of Ownership Request forms and other correspondence from Mainstar Trust for investors Jeff Phalen and Russ Griswold; Letter from Patrick Murphy to Quality Loan Service Corp. re: 707 East Potter Drive dated 02/14/19; Transcripts from the depositions of Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), Victor Gojcaj (12/17/18), and David Preston (01/25/19); Transcripts and exhibits from the Rule 2004 Examinations of Kelly Griffin (12/13/18) and Richelle Lee Moore (12/13/18); Cover letter from Osborn Maledon dated 01/28/19 and USB drive containing electronic transcripts from the depositions of Mark Sifferman (08/31/18) and Peter Davis (11/16/18), and electronic transcripts and exhibits from the depositions of Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), and Victor Gojcaj (12/17/18); Cover letter from Osborn Maledon dated 02/18/19 and USB drive containing electronic transcripts from the depositions of Mark Sifferman (08/31/18) and Peter Davis (11/16/18), and electronic transcripts and exhibits Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), Victor Gojcaj (12/17/18), David Preston (01/25/19), and Edward Hood (02/08/19); Declaration of Yomtov Scott Menaged dated 02/04/19 regarding US Bank's role in the fraud against DenSco; Correspondence from Scott Menaged to Ryan Anderson dated 03/20/19; Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement dated 03/13/19</p>			
150	<p>Spreadsheet of investor transactions supporting investor analysis set forth at Exhibit 2 to the Receiver's 12/23/16 Status Report [RECEIVER_004897-005132]; Spreadsheet of cashier's checks issued and redeposited supporting Section 2.6.2 of the Receiver's 12/22/17 Status Report [RECEIVER_005133-005186]; Cover letter from Osborn Maledon dated 03/20/19, including Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement and disk containing documents produced by Clark Hill [AF002449-002644, AZBEN005249-005318, DIETHELM0001-0211, HOEBING0001-0057, SELL000767-001636]; Cover letter from Osborn Maledon dated 03/27/19 and USB drive containing</p>	Various	Simon Consulting, LLC	<p>Bates Stamp  RECEIVER_004897-005132;  RECEIVER_005133-005186;  AF002449-002644;  AZBEN005249-005318;  DIETHELM0001-0211;  HOEBING0001-0057;  SELL000767-001636;  RECEIVER_005187-005188;  RECEIVER_005189-005195;  RECEIVER_005196;  DIC0080775-0081283;  RECEIVER_005543-005545</p>

<p>electronic transcripts and exhibits from the depositions of Russ Dupper (02/20/19) and Dori Ann Davis (03/09/19), and exhibits from the deposition of Barry Luchtel (03/07/19); Printed transcript from the deposition of Barry Luchtel (03/07/19); Cover letter from Osborn Maledon dated 04/05/19 and disk containing electronic transcripts and exhibits from the depositions of Paul Kent (03/19/19), William Swirtz (03/19/19), and Warren Bush (03/20/19); Tolling Agreement between the Receiver and Active Funding Group, LLC, et al. [RECEIVER_005187-005188]; Plaintiff's Disclosure of Expert Witness Report Re Standard of Care dated 04/03/19, including report of Neil J. Wertlieb; Plaintiff's Disclosure of Expert Witness Report Re Damages dated 04/04/19, including report of David Weekly; Letter from John DeWulf to Colin Campbell and Geoffrey Sturr dated 04/05/19 including the following attachments: Defendants' Disclosure of Expert Witness David Perry dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Dr. Erin Nelson dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Kevin Olson dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Enrique "Rick" Rodriguez dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness J. Scott Rhodes dated 04/05/19 and attached report; Disk containing the following documents: Defendants' Motion to Compel Chase Bank to Comply with Subpoena Duces Tecum dated 03/04/19, Good Faith Consultation Certificate of Marvin C. Ruth in Support of Motion to Compel Production of Documents by JPMorgan Chase Bank, NA dated 03/04/19, Non-Party JPMorgan Chase Bank, NA's Response to Defendants' Motion to Compel to Comply with Subpoena Duces Tecum dated 03/25/19, Defendants' Reply in Support of Motion to Compel Chase Bank to Comply with Subpoena Duces Tecum dated 04/08/19, Motion for Determination that Plaintiff Has Made a Prima Facie Case for Punitive Damages for Aiding and Abetting Breach of Fiduciary Duty dated 04/12/19, and Statement of Facts in Support of Motion for Determination that Plaintiff Has Made a Prima Facie Case for Punitive Damages for</p>			
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<p>Aiding and Abetting Breach of Fiduciary Duty dated 04/12/19 including attached exhibits; CD containing Receiver's work product: (a) Analysis of Menaged Loans-Per F3 Request.xlsx [RECEIVER_005189], (b) DenSco Receivership P&amp;L by Class.pdf [RECEIVER_005190-005192], (c) Densco-Menaged Cash Disbursements &amp; Receipts 03 05 19.xlsx [RECEIVER_005193], (d) Menaged Loans 10.02.13-01.21.14.xlsx [RECEIVER_005194], (e) Receivership Fees &amp; Costs Allocable to Scott Menaged.pdf [RECEIVER_005195]; CD containing Receiver's work product: Densco-Menaged Cash Disbursements &amp; Receipts.xlsx [RECEIVER_005196]; Electronic transcripts and exhibits from the depositions of Anthony Burdett (03/22/19), Stephen Tuttle (04/12/19), and Judith Siegford (04/16/19); Cover letter from Osborn Maledon dated 05/09/19 and disc containing redacted transcripts and exhibits from several investor depositions; CD containing transcripts and exhibits from the depositions of Anthony Burdett (03/22/19), Stephen Tuttle (04/12/19), and Judith Siegford (04/16/19, and signature/errata sheets from Paul Kent and William Swirtz; Letter dated 05/13/19 from Colin Campbell to SoJin Bae re: Rule 408 Policy Limits Demand; Transcript and exhibits from the depositions of Patricia Miller (04/04/19) and Gregg Reichman (04/23/19); [Defendants'] Response to Motion for Determination that Plaintiff has Made a Prima Facie Case for Punitive Damages for Aiding and Abetting Breach of Fiduciary Duty dated 05/13/19; Defendants' Response to Plaintiffs' Statement of Facts in Support of Motion for Determination that Plaintiff has Made a Prima Facie Case for Punitive Damages and Separate Statement of Facts dated 05/13/19 including attached exhibits; Transcript and exhibits from the depositions of J. Scott Rhodes (05/15/19) and Kevin L. Olson (05/17/19); Plaintiff's Disclosure of Rebuttal Expert Witness Report Re Damages dated 06/07/19; Plaintiff's Disclosure of Rebuttal Expert Witness Report Re Standard of Care dated 06/07/19; Defendants' Rebuttal Disclosure of Expert Witness J. Scott Rhodes dated 06/07/19; Defendants' Rebuttal Disclosure of Expert Witness David Perry dated 06/07/19; Change of Ownership Request forms and other correspondence from</p>			
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<p>Mainstar Trust for investors Judy Hughes and Bill Hughes; CD (Densco 2359-003) containing Bank of America production of miscellaneous bank records for the following accounts: Easy Investments account 5496, Yomtov S. Menaged account 1289, Brandon S. Menaged AZUTMA account 0015, Scott Menaged account 2230, Yomtov S. Menaged &amp; Francine A. Lipari account 1977, Yomtov Menaged account 8464, and Easy Investments, LLC credit card accounts 1661 and 0995 [DIC0080775-0081283]; Original hard copies of the Bank of America production contained on CD (Densco 2359-003); CD containing Receiver's work product: (a) Analysis of Menaged Loans as of 01.09.14 - Priority Lien Calcs.xlsx [RECEIVER_005543], (b) Menaged Interest Income Analysis.xlsx [RECEIVER_005544], (c) Menaged Loan Bal per Receiver's 12 22 17 Status Report.xlsx [RECEIVER_005545]; Correspondence from Scott Menaged to Ryan Anderson dated 07/01/19; Motion to Set Rule 16 Trial Setting Conference dated 05/13/19; Motion in Limine to Preclude Use of Documents Identified in Plaintiff's Rule of Evidence 807(b) Notices dated 05/15/19; Defendants' Response to Plaintiff's Motion to Set a Rule 16 Trial Setting Conference dated 06/03/19; Motion for Partial Summary Judgment on Defendants' Affirmative Defense of In Pari Delicto dated 06/20/19; Reply to Defendants' Response to Plaintiff's Motion to Set Rule 16 Trial Setting Conference dated 06/21/19; Reply in Support of Plaintiff's Motion that Plaintiff Has Made a Prima Facie Case for Punitive Damages dated 06/27/19; Response to Motion in Limine to Preclude Use of Documents Identified in Rule 807(b) Notices dated 06/27/19; Defendants' Motion for Leave to File Reply in Support of Motion in Limine to Preclude Use of Documents Identified in Plaintiff's Rule of Evidence 807(b) Notices dated 07/18/19; Receiver's Response to Clark Hill's Motion to File Reply on it's Motion in Limine to Preclude Use of Documents Identified in Rule 807(b) Notices dated 07/22/19; Disk containing electronic transcripts and exhibits from the depositions of Scott Gould (06/20/19), GE Siegford (06/21/19), John Ray (06/26/19), Coralee Thompson (06/27/19), and Kevin Potempa (07/11/19); Certification of Good Faith Consultation</p>			
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	dated 07/26/19; Stipulated Motion for Leave to Depose Incarcerated Person Yomtov Scott Menaged dated 07/26/19; Order Granting Stipulated Motion for Leave to Depose Incarcerated Person Yomtov Scott Menaged dated 08/02/19			
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# Exhibit G



1 [Colin F. Campbell](#), No. 004955  
 2 Geoffrey [M. T. Sturr](#), No. 014063  
 3 Joseph N. Roth, No. 025725  
 4 Joshua M. Whitaker, No. 032724  
 5 Osborn Maledon, P.A.  
 6 2929 N. CDaventral Avenue, Suite 2100  
 7 Phoenix, Arizona 85012-2793  
 8 (602) 640-9000  
 9 ccampbell@omlaw.com  
 10 gsturr@omlaw.com  
 11 jroth@omlaw.com  
 12 jwhitaker@omlaw.com

13 Attorneys for ~~Plaintiff~~[Plaintiff](#)

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
 IN AND FOR THE COUNTY OF MARICOPA

Peter S. Davis, as Receiver of DenSco  
 Investment Corporation, an Arizona  
 corporation,

Plaintiff,

vs.

Clark Hill PLC, a Michigan limited  
 liability company; David G. Beauchamp  
 and Jane Doe Beauchamp, husband and  
 wife,

Defendants.

No. CV2017-013832

**PLAINTIFF'S ~~SIXTH~~[SEVENTH](#)  
 DISCLOSURE STATEMENT**

(Assigned to the  
 Honorable Daniel Martin)

Pursuant to Rule 26.1(a), Plaintiff Peter S. Davis, as the court-appointed receiver  
 of DenSco Investment Corporation (the "Receiver"), makes the following disclosures.  
 Changes from the Receiver's ~~Fifth~~[Sixth](#) Disclosure Statement are identified in the  
 mark-up attached as **Appendix G**.

On August 18, 2016, the Receiver was appointed to serve as the Receiver for  
 DenSco Investment Corporation ("DenSco") under an order entered by the Maricopa  
 County Superior Court in *Arizona Corporation Commission v. DenSco Investment  
 Corporation*, CV2016-014142 (the "Receivership Court"). After the Receiver and his

1 staff had reviewed DenSco's books and records and files maintained by DenSco's  
2 former legal counsel, Clark Hill PLC and Clark Hill partner David Beauchamp, the  
3 Receiver concluded that DenSco might have claims against Clark Hill and Beauchamp.  
4 On March 31, 2017, the Receiver filed a petition with the Receivership Court seeking  
5 permission to retain special counsel to investigate those potential claims. The petition  
6 was granted on April 27, 2017. After special counsel completed its investigation, the  
7 Receiver filed a petition asking the Receivership Court to authorize the Receiver to file,  
8 through special counsel, a complaint against Clark Hill and Beauchamp. That petition  
9 was granted on October 9, 2017. The Receiver, through special counsel, initiated this  
10 lawsuit on October 16, 2017 by filing a complaint which asserted claims against Clark  
11 Hill and Beauchamp for legal malpractice and aiding and abetting breach of fiduciary  
12 duty.

13 The Receiver has relied on special counsel to pursue those claims against Clark  
14 Hill and Beauchamp and to prepare this and previous disclosure statements.

#### 15 **I. FACTUAL BASIS OF CLAIMS**

16 The following numbered paragraphs disclose the primary facts on which the  
17 Receiver's claims against Clark Hill and Beauchamp are based. At trial, the Receiver  
18 may also rely on: facts disclosed in previous disclosure statements which are not  
19 included herein; facts disclosed in the Receiver's responses to written discovery; facts  
20 disclosed through ~~depositions that have been~~ any deposition taken in this action, the  
21 defendants' disclosure statements ~~and discovery responses, and~~; facts contained in the  
22 documents and electronically stored information that have been identified in Sections  
23 VIII (anticipated trial exhibits) and IX (documents that may be relevant) of this  
24 disclosure statement, including, but not limited to, documents and electronically stored  
25 information in the Receiver's document depository; the defendants' disclosure  
26 statements, productions of documents and electronically stored information, and  
27 discovery responses; and documents and electronically stored information produced by  
28 non-parties pursuant to subpoena. The Receiver has also filed with the Court

1 substantive and evidentiary ~~pleadings in the case~~ motions and other memoranda which  
2 set forth facts- and circumstantial inferences from facts- which are ~~also~~-incorporated  
3 by reference into this ~~Rule 26.1~~-disclosure statement.

4 This disclosure statement was prepared to fulfill the requirements in the Court's  
5 Scheduling Order of a "final" disclosure statement that would be served before the  
6 close of discovery. The Receiver anticipates supplementing his disclosures to  
7 incorporate facts learned through discovery that has not yet been taken and through  
8 further analysis of evidence and disclosed and discovered in this action.

9 **A. Background Facts for the Period April 2001 to September 2011**

10 **1. DenSco's Formation and Operations Through 2003**

11 1. DenSco was established in April 2001 as an Arizona corporation.

12 2. Denny Chittick formed DenSco to make short-term loans to companies  
13 buying or investing in real estate. DenSco used money raised from investors to make  
14 those loans.

15 3. Chittick was DenSco's sole shareholder, president and director, and its  
16 only employee.

17 4. When DenSco was formed, Chittick retained Scott Gould to serve as a  
18 consultant to DenSco and a mentor to Chittick.

19 **2. Beauchamp Was DenSco's Securities Lawyer.**

20 **a. DenSco First Hired Beauchamp in 2003 to Advise the**  
21 **Company on Securities Law Issues.**

22 5. David Beauchamp is an attorney. He describes himself as practicing  
23 primarily in the areas of corporate law, securities, venture capital and private equity  
24 transactions.

25 6. Beauchamp has experience in representing companies that make real  
26 estate loans. Among others, he has represented DenSco, Real Estate Equity Lending,  
27 Inc., and RLS Capital, Inc.

28

1           50.    The revised Receipt and Mortgage, like the previous form, was to be  
2 signed by the borrower only, and not the Trustee. The operative language included the  
3 following terms:

4           The undersigned borrower (“Borrower”) acknowledges receipt of the proceeds  
5 of a loan from DenSco Investment Corporation (“Lender”) in the sum of \$\_\_\_\_,  
6 *as evidenced by check payable to \_\_\_\_\_ (“Trustee”).* The loan was made to  
7 Borrower to purchase the Real Property legally described as: Lot\_\_\_\_,  
8 Subdivision\_\_\_\_, according to Book\_\_\_\_ of Maps, Page\_\_\_\_, in the plat record  
9 in the Recorder’s Office of Maricopa County. Address: \_\_\_\_\_. *At a*  
10 *trustee’s sale conducted by Trustee, which took place on \_\_\_\_\_, 200\_\_\_\_, Borrower*  
11 *became the successful  ~~purchaser~~ purchaser with the highest bid,* and the loan is  
12 intended to fund all or a part of the purchase price bid by Borrower at such  
13 trustee’s sale. (Emphasis added.)

14           51.    As revised by Merritt, the Receipt and Mortgage contemplated that  
15 DenSco would: (1) issue a check payable to the Trustee; and (2) employ some means to  
16 confirm that the check had been used by the borrower to purchase the property from the  
17 Trustee at a Trustee’s sale.

18           52.    Beauchamp has testified in an interrogatory answer that he “prepared all  
19 of DenSco’s offering documents” and “reviewed and commented on” DenSco’s loan  
20 documents, including the Receipt and Mortgage.”

21           53.    Beauchamp also testified that he “set out the proper method and  
22 procedures for funding a loan” in the POMs, which he said were “disclosed to  
23 DenSco’s investors [as] the processes and procedures DenSco used to protect the  
24 investments made in the company.” He identified two specific representations made in  
25 the POMs that DenSco issued in 2007, 2009 and 2011. According to Beauchamp, those  
26 POMs

27           a.    “describe that DenSco ‘intends to directly . . . or indirectly . . .  
28 perform due diligence to verify certain information in connection with funding a  
Trust Deed’” and

          b.    “explain that ‘[p]rior 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 owners,



1 [website] which I had brought to his attention, made the transaction exemption  
2 unavailable to DenSco. In any event you may wish to discuss further with Randy.”

3 98. Beauchamp then printed information from DenSco’s website, which  
4 included a section captioned “Investor Requirements” that purported to provide an  
5 “abbreviated description” of “legal definitions” found in the 2011 POM and related  
6 subscription agreement, including a definition of accredited investor.

7 99. Although Beauchamp had been representing DenSco since 2003, and his  
8 files reflect that he regularly reviewed DenSco’s website, it was another Bryan Cave  
9 lawyer, with no prior involvement in Bryan Cave’s representation [of DenSco](#), who  
10 immediately identified this significant issue.

11 100. Beauchamp wrote an email to Wang on June 17, 2013, which stated:  
12 “With respect to the client’s statements on its website, I was not aware that the client  
13 had added his personal description of what is an eligible ‘accredited investor’ to the  
14 DenSco website. *I will have him take it down.* (Emphasis added.) I also have a call  
15 into him to ask when he added that language. Previously, his website was just for  
16 potential borrowers and for existing investors. It included his view of the real estate  
17 lending market and explained the status of the properties that DenSco had commenced  
18 or might have to commence a Trustee Sale to take ownership of the security for a loan.  
19 Given his ‘layman’s description of an accredited investor’ on the website, does that  
20 constitute general solicitation, which will cause the offering to no longer qualify under  
21 Regulation D? If so, can we discuss what we need to tell him that he needs to do to  
22 resolve the loss of his exempt security status?”

23 101. Beauchamp’s notes reflect that he spoke to Wang on June 17, 2013.

24 102. Beauchamp’s notes also reflect that he spoke to Chittick on June 17,  
25 2013.

26 103. After talking to Chittick, Beauchamp sent an email to Wang on June 17,  
27 2013, which stated, in part: “*I talked to Denny Chittick, the owner of DenSco. Denny*  
28 *has already had the website modified.* (Emphasis added.) Denny also reviewed the list

1 schedule, [DenSco] has approximately 60 investor notes that are scheduled to  
2 expire in the next 6 months (and to probably be rolled over into new notes).”

3 h. Beauchamp knew that DenSco was actively selling promissory  
4 notes based on the 2011 POM. On June 27, 2013, for example, Chittick told him  
5 by email “Oh ya I just took in another 1.1 million yesterday.”

6 130. Beauchamp did not conduct an investigation of the allegations in the *Freo*  
7 lawsuit regarding DenSco’s lending practices, or of DenSco’s lending practices  
8 generally, in June 2013 (before the 2011 POM expired on July 1, 2013) or at any time  
9 thereafter.

10 131. If Beauchamp had investigated the allegations in the *Freo* complaint, he  
11 would have found within minutes, by reviewing records available through the Maricopa  
12 County Recorder’s website relating to the property described in the *Freo* lawsuit: (i) a  
13 Deed of Trust and Security Agreement With Assignment of Rents given by Easy  
14 Investments in favor of Active Funding Group, which Menaged had signed on  
15 March 25, 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy  
16 Investments in favor of DenSco, which Menaged had signed on April 2, 2013. Both  
17 signatures were witnessed by the same notary public.

18 132. Those documents confirmed the allegation in the *Freo* complaint that  
19 DenSco was not in first position on a loan it had made to Easy Investments.

20 133. Those documents also showed that Menaged had purposefully borrowed  
21 money, first from Active Funding and then from DenSco, using the same property as  
22 security, since he had personally signed both the Active Funding deed of trust and the  
23 DenSco deed of trust before a notary.

24 134. Had Beauchamp questioned Chittick about his lending relationship with  
25 Menaged, he would have learned that Chittick had, by mid-2013, caused DenSco to  
26 make loans to entities controlled by Menaged such that the representation in the 2011  
27 POM regarding loan concentrations (that DenSco would “attempt[] to ensure that one  
28

1 borrower will not comprise more than 10 to 15 percent of the total portfolio”) was  
2 materially misleading.

3 **5. During July and August 2013, Beauchamp Took Minimal**  
4 **Steps to Prepare a New POM.**

5 135. ~~134.~~ After failing to do any investigation of the allegations in the *Freo*  
6 lawsuit or of DenSco’s lending practices generally, an apparently distracted Beauchamp  
7 took minimal steps in July and August 2013 to prepare a new POM.

8 136. ~~135.~~ On July 1, 2013, Beauchamp received an email from Sipes which  
9 stated, in part, that she didn’t believe DenSco would be considered an investment  
10 advisor under the Investment Company Act or the Investment Advisers Act and did not  
11 believe DenSco needed to limit the number of accredited investors to whom it offered  
12 promissory notes.

13 137. ~~136.~~ On July 10, 2013, Beauchamp forwarded to Chittick a news report  
14 that the SEC had just decided to end the ban on general solicitation.

15 138. ~~137.~~ Bryan Cave’s billing statements reflect that between July 12, 2013  
16 and July 31, 2013, Beauchamp recorded time to “revise disclosure in Private Offering  
17 Memorandum” and “[w]ork on and revise Private Offering Memorandum” and had  
18 additional time entries to “[w]ork on revisions to Private Offering Memorandum” or  
19 “[w]ork on issues for Private Offering Memorandum.”

20 139. ~~138.~~ But the only document in Bryan Cave’s file that reflects any revisions  
21 Beauchamp made to the draft of a 2013 POM is a draft containing several of his  
22 handwritten edits. They included a note on the cover of the draft to “revise to new  
23 version for B/L purposes,” but no blacklined draft of a 2013 POM exists in Bryan  
24 Cave’s file.

25 140. ~~139.~~ Bryan Cave’s billing records reflect that the only work Beauchamp  
26 performed on the draft 2013 POM during August 2013 was to exchange emails on  
27 August 6, 2013 with Jensen asking for a form subscription agreement to comply with  
28 changes to Rule 506.

1 advice, such as when Chittick promptly changed DenSco's website after Beauchamp  
2 told him to do so.

3 146. ~~145.~~ Moreover, the corporate journal Chittick maintained for 2013 (the  
4 "2013 Corporate Journal") does not reflect any entries by Chittick about requests from  
5 Beauchamp for information or his declination to provide that information.

6 147. ~~146.~~ The only reference in the 2013 Corporate Journal to the preparation  
7 of the 2013 POM is a June 17, 2013 entry which stated: "I am going back and forth  
8 with David about how to circumvent this 50 million issue on size." That entry is  
9 consistent with Beauchamp's communications of the same date as to whether DenSco  
10 had engaged in general solicitation, an issue which, as noted above, was resolved on  
11 July 10, 2013.

12 **7.A- An Apparently Distracted Beauchamp, After Failing to**  
13 **Prepare a New POM by July 1, 2013, Did Not Advise DenSco**  
14 **to Stop Selling Promissory Notes Until a New POM Was**  
15 **Issued.**

16 148. ~~147.~~ By its terms, the 2011 POM expired on July 1, 2013.

17 149. ~~148.~~ There is no evidence in the documentary record that Beauchamp,  
18 with one foot out of Bryan Cave's door, ever advised DenSco that it could not sell any  
19 new promissory notes after July 1, 2013 until it issued a new POM, and Beauchamp  
20 does not claim that he did so.

21 150. ~~149.~~ Beauchamp, preoccupied with finding a new law firm where he could  
22 continue to practice law, failed to give that advice, even though he knew, as he told his  
23 Bryan Cave colleagues in a June 20, 2013 email, that DenSco had "approximately 60  
24 investor notes that are scheduled to expire in the next 6 months (and to probably be  
25 rolled over into new notes)."

26 151. ~~150.~~ And while Beauchamp claims in Defendants' initial disclosure  
27 statement (at 7) that "[p]rior to his departure" from Bryan Cave, he "repeatedly made  
28 clear to DenSco and Mr. Chittick that they needed to update DenSco's POM," there is  
no documentary support for that claim.

1           161. ~~160.~~ Even though this engagement letter clearly and expressly stated that  
2 Clark Hill represented only DenSco and was not also representing Chittick, Clark Hill  
3 and Beauchamp say in their initial disclosure statement (at 3) that “Chittick understood  
4 that Mr. Beauchamp, as an incident to Mr. Beauchamp’s representation of DenSco, was  
5 also representing Mr. Chittick in his capacity as president of DenSco.”

6           162. ~~161.~~ On September 13, 2013, Beauchamp took steps to open a new matter  
7 for DenSco in Clark Hill’s accounting and filing systems that was mis-identified as  
8 “2003 Private Offering Memorandum.” Beauchamp’s notes stated that the file was  
9 being opened to “[f]inish 2013 POM for client. Started POM update at Bryan Cave.”

10           163. ~~162.~~ Beauchamp opened this file, obligating Clark Hill to provide  
11 securities advice to DenSco and to diligently and promptly “finish [the] 2013 POM,”  
12 knowing that the 2011 POM had expired on July 1, 2013, no new POM had been  
13 issued, and that as of June 20, 2013, “[a]ccording to [Chittick’s] note schedule,  
14 [DenSco] ha[d] approximately 60 investor notes that are scheduled to expire in the next  
15 6 months (and to probably be rolled over into new notes).”

16                           **2.     According to Clark Hill’s Records the Firm Did No Work  
17                            Whatsoever on a New POM During the Months of September,  
                              October, November and December 2013.**

18           164. ~~163.~~ Clark Hill’s records show that neither Beauchamp nor any other  
19 Clark Hill attorney performed *any* work on a new POM during September, October, or  
20 November 2013.

21 ~~164. — The records also show that neither Beauchamp nor any other Clark Hill attorney  
22 even attempted to contact Chittick about the new POM.~~

23   a. — ~~On December 18, 2013, Chittick Asked Beauchamp By  
24    Email Why the New POM Had Not Been Finished.~~

25           ~~165. — The first time entry in Clark Hill’s billing records relating to a new POM  
26 is a twelve minute entry by Beauchamp on December 18, 2013 to “review email;  
27 telephone conversation with D. Chittick; review POM.”~~

1 166. The email referenced in that time entry is an email that Chittick sent to  
2 Beauchamp on December 18, 2013, saying “since you’ve moved, we’ve never finished  
3 the update on the memorandum. Warren is asking where it is.”<sup>+</sup>

4 167. Beauchamp did not send Chittick a response to that email.

5 168. There are not any notes in Clark Hill’s files made by Beauchamp that  
6 summarized his December 18, 2013 call with Chittick.

7 169. Beauchamp apparently asked Chittick during that call to send him a copy  
8 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final  
9 2011 POM during the late morning of December 18, 2013. Beauchamp promptly  
10 responded, saying simply “[t]hank you. Have a wonderful holiday season.”

11 170. ~~Beauchamp forward~~ Chittick’s e-mail to his secretary that afternoon, asking her  
12 to “put this on our system for DenSeo Investment Corporation/2013 POM.”

13 **~~b. Clark Hill Claims That Beauchamp Learned During the~~**  
14 **~~December 18, 2013 Call With Chittick About Problems~~**  
15 **~~in DenSeo’s Loan Portfolio but Clark Hill Did Nothing to~~**  
16 **~~Investigate Those Problems Nor Did It Begin Preparing~~**  
17 **~~a New POM.~~**

18 171. In their initial disclosure statement (at 7), Clark Hill and Beauchamp  
19 make claims about Beauchamp’s December 18, 2013 telephone call with Chittick that  
20 are at odds with Clark Hill’s file, including its billing statement. They allege that  
21 Chittick told Beauchamp “he had run into an issue with some of his loans with  
22 Menaged, and specifically, that properties securing a few DenSeo loans were each  
23 subject to a second deed of trust competing for priority with DenSeo’s deed of trust.”

24 172. Clark Hill and Beauchamp claim that, “[a]fter briefly discussing the  
25 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that  
26 Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did  
27 not request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr.

28 <sup>+</sup> Chittick was apparently referring to Warren Bush, an investor who had reviewed  
and commented on a draft of the 2011 POM, and had communicated with Beauchamp  
about that draft.

1 Chittick develop and document a plan to resolve the double liens, and nothing more  
2 came of the conversation.”

3 173. — Lastly, Clark Hill and Beauchamp claim that during the telephone  
4 conversation “Mr. Beauchamp reminded Mr. Chittick that he still needed to update  
5 DenSeco’s private offering memorandum.”

6 174. — No document in Clark Hill’s file, such as the handwritten notes that  
7 Beauchamp consistently and regularly kept to record his telephone conversations and  
8 meetings with Chittick, exists.

9 175. — The 2013 Corporate Journal does not have any entries by Chittick  
10 reflecting that he had such a conversation with Beauchamp in December 2013.

11 176. — If a jury were to believe Beauchamp’s claim that he had such a conversation  
12 with Chittick on December 18, 2013, despite the lack of evidence, it could only  
13 conclude that Clark Hill and Beauchamp **were negligent by:**

14 **a. — Failing** to immediately investigate the information Beauchamp  
15 received about the Menaged loan problem, since Clark Hill had an affirmative  
16 duty to diligently and timely prepare a new POM, having agreed to do so in  
17 September 2013; and

18 **b. — Failing** to expressly instruct Chittick that DenSeco could not sell *any* promissory  
19 notes, since the 2011 POM had expired and a new POM had not yet been issued.

20 **i. —** By merely “reminding” Chittick that DenSeco needed to  
21 “update” the 2011 POM, knowing that one half of its investors would be  
22 “rolling over” promissory notes during the last six months of 2013,  
23 Beauchamp effectively advised Chittick that DenSeco could indefinitely  
24 delay “updating” the 2011 POM while continuing to sell promissory  
25 notes.

1 **3. — Although Clark Hill Did Nothing in December 2013 to Prepare**  
2 **a New POM and Investigate Problems in DenSeo's Loan**  
3 **Portfolio, It Devoted Time That Month to Advising DenSeo**  
4 **About Possibly Expanding its Business to Florida.**

5 177. — In Chittick's December 18, 2013 email to Beauchamp, Chittick wrote,  
6 after asking about the status of Clark Hill's work on a new POM, about his plans to  
7 expand DenSeo's business to Florida. He wrote: "[I]'ve got two of my best borrowers  
8 moving to F[L]. [T]hey are begging me to look at lending in FL. [I] don't know  
9 anything about the market there, but [I] trust these guys. [I]'ve done 20 million with  
10 them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc with me  
11 lending there?"

12 178. — While Beauchamp did nothing in response to Chittick's question about  
13 the status of a new POM, he immediately forwarded Chittick's e-mail to Clark Hill  
14 attorney Daniel Schenk, asking "[w]ill you have time to do the research for Florida or  
15 should I find someone else?"

16 179. — Beauchamp also made an 18-minute time entry on December 18, 2013 to  
17 "[r]eview email and outline Florida research."

18 180. — Between December 20, 2013 and December 23, 2013, both Beauchamp  
19 and Schenk recorded time to conducting research and analysis on "Florida broker  
20 issues," "hard money regulatory lender requirements in Florida," and "Florida lending  
21 licenses."

22 181. — On December 23, 2013, Beauchamp recorded 42 minutes of time to  
23 "[r]eview Florida research from D. Schenk; discuss research and follow up with D.  
24 Schenk; email to D. Chittick."

25 182. — On Christmas Eve, December 24, 2013, Beauchamp sent Chittick an  
26 email which stated: "Happy Holidays! Quick Status: Based on a review of the Florida  
27 statutes, you would be considered a 'Mortgage Lender' which requires a license in  
28 Florida. The Florida government office that regulates 'Mortgage Lender' [sic] has been  
difficult to reach, but we will try again on Thursday. I want to confirm if you might be



1 able to qualify for a limited license to operate in Florida and check a few other  
2 questions.”

3 ~~183.~~ On December 26 and 30, 2013, Beauchamp and Schenck recorded time to  
4 obtaining information from the Florida Office of Financial Regulation and other  
5 information relevant to Chittick’s December 18, 2013 inquiry about expanding  
6 DenSco’s lending operations to Florida.

7 ~~4.Clark Hill Blames Chittick for Its~~ 3. Clark Hill and Beauchamp  
8 Blame Chittick for Their Failure to Prepare a New POM in  
9 2013.

9 165. ~~184.~~ In their initial disclosure statement (at 7), Clark Hill and Beauchamp  
10 blame Chittick for their failure to do anything to prepare a new POM, which Clark Hill  
11 agreed to undertake in early September 2013. They say that after Chittick signed Clark  
12 Hill’s engagement letter on September 12, 2013 and directed Bryan Cave to transfer  
13 certain files to Clark Hill, “Mr. Beauchamp never heard from Mr. Chittick regarding the  
14 unfinished 2013 POM, or any other matter, until December 2013.”

15 166. But Clark Hill’s records show that after the firm opened a file in  
16 September 2013 to prepare a new POM, no one at Clark Hill even attempted to contact  
17 Chittick about the new POM during that month and for the next three months.

18 167. ~~185.~~ When he was deposed, Beauchamp offered a new excuse for Clark  
19 Hill’s failure to do any work on a new POM. He testified that Clark Hill did nothing to  
20 prepare a new POM for DenSco because Chittick instructed him, as a condition of  
21 signing Clark Hill’s engagement letter in early September 2013, that Clark Hill not do  
22 any work on a new POM ““until I’m ready to go,”” and Beauchamp agreed.

23 168. ~~186.~~ Beauchamp did not include this material limitation on Clark Hill’s  
24 representation in the engagement letter he asked DenSco to sign.

25 169. ~~187.~~ When Clark Hill agreed in September 2013 to abide by Chittick’s  
26 request, neither Beauchamp nor any other Clark Hill attorney separately advised  
27  
28

1 Chittick that DenSco could not sell any promissory notes until it authorized Clark Hill  
2 to prepare a new POM and DenSco had issued the POM.

3 **54. ~~In September 2013, Clark Hill Was Negligent By Failing~~**  
4 **Negligently Failed to Instruct DenSco That It Could Not Sell**  
5 **Any Promissory Notes Until a New POM Was Issued, and**  
6 **Aided and Abetted Chittick ~~to~~ Breach Fiduciary Duties He**  
7 **Owed DenSco by Following Chittick's Instructions to Not**  
8 **Prepare a New POM for DenSco, Knowing DenSco Was**  
9 **Continuing its Business Operations and Selling Rollover**  
10 **Promissory Notes.**

11 170. ~~188.~~ Clark Hill was negligent by ~~never-not~~ advising Chittick in September  
12 2013 (or any time thereafter) that DenSco could not sell any promissory notes until it  
13 had issued a new POM.

14 171. The evidence that will be presented to a jury will establish that if Clark  
15 Hill had ~~done so when DenSco first retained Clark Hill in September 2013~~ given that  
16 advice, DenSco would have followed ~~that advice~~ it and worked diligently with Clark  
17 Hill to begin the process of preparing a new POM so that it could resume selling  
18 promissory notes.

19 172. In the course of conducting due diligence to prepare a new POM during  
20 September 2013, it would have been evident to Clark Hill that DenSco could not, given  
21 Chittick's previous mismanagement of the Company, material misstatements in  
22 previous POMs, and its financial condition, sell any new securities.

23 173. As the Receiver's standard-of-care expert Neil Wertlieb has stated in his  
24 report, if Clark Hill had properly advised DenSco ~~when the firm first began~~  
25 ~~representing the Company~~ in September 2013, Clark Hill would have advised DenSco  
26 to conduct an orderly liquidation (presumably through a Chapter 7 bankruptcy) for the  
27 benefit of its Noteholders, and withdrawn from representing DenSco if Chittick failed  
28 to follow that advice. ~~189. The evidence to be presented at trial will establish that if~~  
~~Clark Hill had properly advised DenSco, Chittick would have followed Clark Hill's~~  
~~advice.~~

1           174. The evidence establishing that if Clark Hill had properly advised DenSco,  
2 Chittick would have followed Clark Hill’s advice, including the following:

3           ~~a. Among other evidence is a.~~       Clark Hill and Beauchamp’s admission  
4 admitted in their initial disclosure statement (at 4), that “[o]ver the years, Mr.  
5 Chittick showed himself to be a trustworthy and savvy businessman, and a good  
6 client. . . . Despite complaining about the cost of legal services, Mr. Chittick  
7 appeared to follow Mr. Beauchamp’s advice and provided information when  
8 asked for it.”

9           b.       ~~Moreover, approximately~~ Approximately six weeks before Clark  
10 Hill was retained, DenSco had immediately followed Bryan Cave’s advice to  
11 modify its website, and Bryan Cave’s files reflect that Chittick was prepared to  
12 cause DenSco to refund all investor loans if that was necessary to correct the  
13 “general solicitation” problem Bryan Cave had identified.

14           c.       Chittick’s writings immediately before his death provide further  
15 evidence that he would have followed the advice that Clark Hill should have  
16 given, but failed to give.

17           175. ~~190.~~ Beauchamp, by testifying’s testimony that Clark Hill did not work  
18 on a new POM in 2013 because Chittick conditioned DenSco’s execution of the firm’s  
19 engagement letter on Clark Hill’s agreement to not perform any work on a new POM  
20 until Chittick was “ready to go” ~~—when he and Clark Hill knew~~ (knowing that one-half  
21 of DenSco’s investors would “roll over” their investments and purchase new  
22 promissory notes during the last six months of 2013—~~has admitted~~) is an admission  
23 that from the moment DenSco retained Clark Hill in September 2013, Clark Hill aided  
24 and abetted Chittick in breaching fiduciary duties Chittick owed DenSco.

25           176. ~~191.~~ Between September and December 2013, Clark Hill substantially  
26 assisted Chittick in breaching his fiduciary duties to DenSco by:

27           a.       accepting DenSco as a client for purposes of preparing a new  
28 POM, and then abiding by Chittick’s instruction to not do any work on that

1 POM, knowing DenSco was continuing its business operations, including the  
2 sale of promissory notes;

3 b. failing to appropriately advise DenSco about, and investigate facts  
4 regarding, DenSco's loan portfolio because Chittick was allegedly "dealing"  
5 with those problems; and

6 c. advising Chittick that DenSco could indefinitely delay the issuance  
7 of an "update" to the 2011 POM,

8 177. ~~192.~~ The ongoing sale of "roll over" and new promissory notes was  
9 necessary for DenSco to continue its business operations, and Clark Hill enabled  
10 DenSco to obtain investor funds for a four-month period without making adequate  
11 disclosures to those investors, exposing DenSco to substantial liability to its investors.

12 178. ~~6~~ The Receiver's damages expert Dave Weekly has calculated the  
13 damages DenSco suffered after October 1, 2013 as a result of Clark Hill's failure to  
14 properly advise DenSco in September 2013, and its aiding and abetting of Chittick's  
15 breaches of fiduciary duties. His calculations are discussed below.

16 5. **During the First Four Months of Clark Hill's Representation**  
17 **of DenSco, the Firm Aided and Abetted Chittick's Breach of**  
18 **Fiduciary Duty to DenSco When He Caused DenSco to Sell**  
**Approximately \$8.5 Million of Promissory Notes in Violation**  
**of the Securities Laws**

19 179. ~~193.~~ As a result of Clark Hill's and Beauchamp's conduct, Chittick caused  
20 DenSco between September and December 2013 to sell ~~promisory~~-promissory notes to  
21 some of the "approximately 60 investor[s]" whose promissory notes Beauchamp knew  
22 were "scheduled to expire [during the last six months of 2013] (and to probably be  
23 rolled over into new notes)."

24 180. ~~194.~~ In each case, an investor who had purchased a two-year promissory  
25 note in 2011, which expired in September, October, November or December 2013,  
26 purchased a new two-year promissory note. Those sales, which total \$4,148,162.79, are  
27 summarized in the following chart.  
28

1	Marvin & Pat Miller	\$706,000	9/10/13
2	Ross Dupper	\$800,000	9/13/13
3	Jeff Phalen – IRA	\$150,000	9/17/13
4	Michael Zones	\$500,000	9/24/13
5	Erin Carrick – Trust	\$200,066.71	9/27/13
6	Averill Cate	\$10,000	10/15/13
7	Jemma Kopel	\$100,000	11/14/13
8	Averill Cate	\$10,000	11/15/13*
9	Brian Odenthal – IRA	\$8,000	12/1/13
10	Averill Cate	\$10,000	12/15/13*
11	Brian & Janice Odenthal	\$20,000	12/19/13
12	Steven Bungler	\$500,000	12/20/13**

13  
14 **6. On December 18, 2013, Chittick Asked Beauchamp By Email Why the New POM Had Not Been Finished.**

15 182. The first time entry in Clark Hill’s billing records relating to a new POM  
16 is a twelve-minute entry by Beauchamp on December 18, 2013 to “review email;  
17 telephone conversation with D. Chittick; review POM.”

18 183. The email referenced in that time entry is an email that Chittick sent to  
19 Beauchamp on December 18, 2013, saying “since you’ve moved, we’ve never finished  
20 the update on the memorandum. Warren is asking where it is.”<sup>2</sup>

21 184. Chittick’s question is at odds with Beauchamp’s claim that Clark Hill had  
22 not done any work on a new POM at Chittick’s instruction and was waiting to hear  
23 from Chittick that he was, in Beauchamp’s words, “ready to go.”

24 185. Beauchamp did not send Chittick a response to that email.

25  
26  
27 <sup>2</sup> Chittick was apparently referring to Warren Bush, an investor who had reviewed  
28 and commented on a draft of the 2011 POM, and had communicated with Beauchamp  
about that draft.

1           186.   There are not any notes in Clark Hill’s files made by Beauchamp that  
2 summarized his December 18, 2013 call with Chittick.

3           187.   Beauchamp apparently asked Chittick during that call to send him a copy  
4 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final  
5 2011 POM during the late morning of December 18, 2013. Beauchamp promptly  
6 responded, saying simply “[t]hank you. Have a wonderful holiday season.”

7           188.   Beauchamp forwarded Chittick’s e-mail to his secretary that afternoon,  
8 asking her to “put this on our system for DenSco Investment Corporation/2013 POM.”

9           7.       Clark Hill Claims That Beauchamp Learned During the  
10 December 18, 2013 Call with Chittick About Problems in  
11 DenSco’s Loan Portfolio but Clark Hill Did Nothing to  
12 Investigate Those Problems Nor Did It Begin Preparing a New  
13 POM.

14           189.   In their initial disclosure statement (at 7), Clark Hill and Beauchamp  
15 make claims about Beauchamp’s December 18, 2013 telephone call with Chittick that  
16 are at odds with Clark Hill’s file, including its billing statement. They allege that  
17 Chittick told Beauchamp “he had run into an issue with some of his loans with  
18 Menaged, and specifically, that properties securing a few DenSco loans were each  
19 subject to a second deed of trust competing for priority with DenSco’s deed of trust.”

20           190.   Clark Hill and Beauchamp claim that, “[a]fter briefly discussing the  
21 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that  
22 Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did  
23 not request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr.  
24 Chittick develop and document a plan to resolve the double liens, and nothing more  
25 came of the conversation.”

26           191.   Lastly, Clark Hill and Beauchamp claim that during the telephone  
27 conversation “Mr. Beauchamp reminded Mr. Chittick that he still needed to update  
28 DenSco’s private offering memorandum.”

1           192. No document in Clark Hill's file, such as the handwritten notes that  
2 Beauchamp consistently and regularly kept to record his telephone conversations and  
3 meetings with Chittick, exists.

4           193. The 2013 Corporate Journal does not have any entries by Chittick  
5 reflecting that he had such a conversation with Beauchamp in December 2013.

6           194. If a jury were to believe Beauchamp's claim that he had such a  
7 conversation with Chittick on December 18, 2013, despite the lack of evidence, it could  
8 only conclude that Clark Hill and Beauchamp, [having failed to properly advise DenSco](#)  
9 [when Clark Hill began representing DenSco in September 2013, were again negligent](#)  
10 [in December 2013 because they:](#)

11           a. [Failed to immediately investigate the information Beauchamp](#)  
12 [received about the Menaged loan problem, since Clark Hill had an affirmative](#)  
13 [duty to diligently and timely prepare a new POM, having agreed to do so in](#)  
14 [September 2013; and](#)

15           b. [Failed to expressly instruct Chittick that DenSco could not sell \*any\*](#)  
16 [promissory notes, since the 2011 POM had expired and a new POM had not yet](#)  
17 [been issued.](#)

18           195. By merely "reminding" Chittick that DenSco needed to "update" the 2011  
19 POM, knowing that one-half of its investors would be "rolling over" promissory notes  
20 during the last six months of 2013, Beauchamp effectively advised Chittick that  
21 DenSco could indefinitely delay "updating" the 2011 POM while continuing to sell  
22 promissory notes.

23           **8. [Although Clark Hill Did Nothing in December 2013 to Prepare](#)**  
24 **[a New POM and Investigate Problems in DenSco's Loan](#)**  
25 **[Portfolio, It Devoted Time That Month to Advising DenSco](#)**  
26 **[About Possibly Expanding its Business to Florida.](#)**

26           196. In Chittick's December 18, 2013 email to Beauchamp, Chittick wrote,  
27 after asking about the status of Clark Hill's work on a new POM, about his plans to  
28 expand DenSco's business to Florida. He wrote: "[I]'ve got two of my best borrowers

1 moving to F[L][.] [T]hey are begging me to look at lending in FL. [I] don't know  
2 anything about the market there, but [I] trust these guys. [I]'ve done 20 million with  
3 them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc with me  
4 lending there?"

5 197. While Beauchamp did nothing in response to Chittick's question about  
6 the status of a new POM, he immediately forwarded Chittick's e-mail to Clark Hill  
7 attorney Daniel Schenck, asking "[w]ill you have time to do the research for Florida or  
8 should I find someone else?"

9 198. Beauchamp also made an 18-minute time entry on December 18, 2013 to  
10 "[r]eview email and outline Florida research."

11 199. Between December 20, 2013 and December 23, 2013, both Beauchamp  
12 and Schenck recorded time to conducting research and analysis on "Florida broker  
13 issues," "hard money regulatory lender requirements in Florida," and "Florida lending  
14 licenses."

15 200. On December 23, 2013, Beauchamp recorded 42 minutes of time to  
16 "[r]eview Florida research from D. Schenck; discuss research and follow up with D.  
17 Schenck; email to D. Chittick."

18 201. On Christmas Eve, December 24, 2013, Beauchamp sent Chittick an  
19 email which stated: "Happy Holidays! Quick Status: Based on a review of the Florida  
20 statutes, you would be considered a 'Mortgage Lender' which requires a license in  
21 Florida. The Florida government office that regulates 'Mortgage Lender' [sic] has been  
22 difficult to reach, but we will try again on Thursday. I want to confirm if you might be  
23 able to qualify for a limited license to operate in Florida and check a few other  
24 questions."

25 202. On December 26 and 30, 2013, Beauchamp and Schenck recorded time to  
26 obtaining information from the Florida Office of Financial Regulation and other  
27 information relevant to Chittick's December 18, 2013 inquiry about expanding  
28 DenSco's lending operations to Florida.



1           **D. Facts Regarding Clark Hill's Representation of DenSco During 2014**

2           **1. Clark Hill Learned During the First Week of January 2014**  
3           **That DenSco Had Suffered a Substantial Loan Loss Because of**  
4           **Chittick's Mismanagement and Failure to Follow the Lending**  
5           **Procedures DenSco Had Told Its Investors It Would Follow.**

6           203. ~~196.~~ On Sunday, January 5, 2014, Beauchamp received an email from  
7           Chittick asking if he had time to meet with him during the coming week.

8           a.       ~~On~~ On Monday, January 6, 2014, Beauchamp Received  
9           a Demand Letter That Called into-Into Question 52  
10           Loans DenSco Had Made to Menaged.

11           204. ~~197.~~ On Monday, January 6, 2014, Beauchamp received an email from  
12           Chittick which stated: "read the first two pages, then give me a call." Attached to the  
13           email was a three-page demand letter from Bryan Cave attorney Robert J. Miller;  
14           Exhibit A, a list of 52 properties; and two subordination agreements.

15           205. ~~198.~~ The letter was written on behalf of Azben Limited, LLC; Geared  
16           Equity, LLC; and 50780, LLC (the "Lienholders"). It asserted that Geared Equity,  
17           50780, and Sell Wholesale Funding, LLC (the "Lenders") had each loaned money to  
18           Arizona Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell  
19           Wholesale Funding had made were subsequently assigned to Azben.

20           206. ~~199.~~ Exhibit A to the letter identified, with reference to specific loan  
21           numbers and street addresses, 52 loans that the Lenders had made to Easy Investments  
22           and Arizona Home Foreclosures to acquire 52 homes at trustee sales.

23           207. ~~200.~~ The letter asserted that the Lenders' loans had been made by  
24           "certified funds delivered directly to the trustee" and secured by "promptly recorded  
25           deeds of trust confirming a senior lien position on each of the Properties."

26           208. ~~201.~~ The letter went on to assert that DenSco had "engaged in a practice of  
27           recording a 'mortgage' on each of the [52 properties] on around the same time as the  
28           Lenders were recording their senior deeds of trust" and that *each such mortgage falsely*  
29           *stated that DenSco had "provided purchase money funding" and that its "loans are*

1 *'evidenced by a check payable' to the trustee for each of the Properties.*" (Emphasis  
2 added.)

3 209. ~~202.~~The letter asserted that DenSco could not claim to be in a senior lien  
4 position on those properties "since in each and every instance, only the Lenders  
5 provided the applicable trustee with certified funds supporting the Borrower's purchase  
6 money acquisition for each of the Properties."

7 210. ~~203.~~The letter demanded that DenSco sign subordination agreements  
8 acknowledging that it did not have a first position lien on any of the 52 properties, and  
9 said that if DenSco refused to do so, the Lienholders would assert claims against  
10 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful  
11 recordation pursuant to A.R.S. § 33-420.

12 211. ~~204.~~The letter included "two forms of subordination agreement – one  
13 form document applies to the Azben loans and the other form applies to the loans of  
14 Geared Equity, LLC and 50780, LLC." A footnote stated that "[p]roperty addresses  
15 and other 'form' information will need to be included in each subordination agreement.  
16 My firm will only commence preparing a subordination agreement for each loan when  
17 written confirmation is provided that DenSco has unconditionally agreed to execute  
18 each subordination agreement in the form enclosed herein."

19 b. ~~On January 6, 2014,~~ **Beauchamp Reviewed the Demand**  
20 **Letter on the Day He Received It, Which Provided Clear**  
21 **Evidence That Chittick Had Breached His Fiduciary**  
**Duties to DenSco and Exposed DenSco to Substantial**  
**Financial Loss.**

22 212. ~~205.~~Beauchamp spoke to Chittick by telephone on January 6, 2014, after  
23 receiving the letter. Beauchamp's notes from that call state that Chittick told him  
24 DenSco's "largest borrower" – who Beauchamp knew or should have known from the  
25 *Freo* lawsuit he had received in June 2013 was Menaged – "had a guy working in his  
26 office and was getting 2 loans on each property," and that Chittick and Menaged "had  
27  
28

1           b.     Such a search, which would take less than five minutes for each  
2           property, would produce records showing that for each of the 49 properties,  
3           Menaged had signed both a DenSco Mortgage and another lender's deed of trust  
4           before a notary, providing further evidence that Menaged, not "some guy in his  
5           office," had secured all of the loans in question, and had purposefully defrauded  
6           DenSco.

7           c.     **On Tuesday, January 7, 2014, ~~Clark-Hill~~ Beauchamp**  
8           **Received an Email From Chittick in Which He**  
9           **Admitted That He Had Grossly Mismanaged DenSco's**  
10           **Loan Portfolio, Failed to Comply With the Lending**  
11           **Practices Disclosed in the 2011 POM, and Caused**  
12           **DenSco to Suffer Substantial Losses.**

11           218. ~~211.~~ On Tuesday, January 7, 2014, Beauchamp received an email from  
12           Chittick, copied to Menaged, which contained information relevant to the demand letter  
13           and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

14           219. ~~212.~~ Chittick's email said that DenSco had, since 2007, loaned \$50 million  
15           to "a few different LLC's" controlled by Menaged. Beauchamp knew or should have  
16           known that those companies included the two entities identified in the demand letter:  
17           Easy Investments (a defendant in the June 2013 *Freo* lawsuit) and Arizona Home  
18           Foreclosures.

19           220. ~~213.~~ Chittick's email said that "[b]ecause of our long term relationship,  
20           when [Menaged] needed money, [I] would wire the money to his account and he  
21           would pay the trustee" (emphasis added), Menaged would sign a Mortgage that  
22           referenced the payment to the trustee, and Chittick would cause the Mortgage to be  
23           recorded.

24           221. ~~214.~~ Chittick attached to his email a form of Mortgage, Deed of Trust, and  
25           Note Secured by Deed of Trust that he routinely used in making loans to Menaged,  
26           which Chittick described as "docs you have reviewed and have been reviewed by a guy  
27           at your last law firm, maybe two firms ago in 2007."

1            233. ~~226.~~ Chittick concluded his email by stating “[w]hat we need is an  
2 agreement that as long as the other lenders are being paid their interest and payoffs  
3 continue to come . . . that no one initiates foreclosure for obvious reasons, which will  
4 give us time to execute our plan.”

5                            d.    ~~On January 7 and 8, 2014, Beauchamp Reviewed the~~  
6                                    ~~Demand Letter and Chittick’s January 6, 2014 Email,~~  
7                                    ~~Including a Review of on the Day He Received It and~~  
8                                    ~~the Following Day; He Also Reviewed “Lien Dispute~~  
   Information.” ~~and Knew of the Extent of Chittick’s~~  
   Breaches of Fiduciary Duty and Resulting Financial  
   Loss to DenSco.

9            234. ~~227.~~ Clark Hill’s billing records reflect that Beauchamp billed 1.8 hours  
10 on Tuesday, January 7, 2014 to “[r]eview legislative history for purchase money  
11 security interest; review documents and follow-up information” and “telephone  
12 conversation with office of D. Chittick,” which was a reference to having left a  
13 voicemail message for Chittick.

14            235. ~~228.~~ Clark Hill’s billing records reflect that Beauchamp billed 1.7 hours  
15 on Wednesday, January 8, 2014 to “[r]eview information from D. Chittick; review and  
16 outline follow-up questions; prepare for meeting; review lien dispute information.”

17            236. ~~229.~~ As of January 8, 2014, Beauchamp knew that:

18                            a.    Chittick had breached fiduciary duties he owed DenSco by causing  
19 it to sell promissory notes to investors during the four months that had passed  
20 since DenSco’s September 2013 retention of Clark Hill without first issuing the  
21 new POM that Clark Hill had been retained to prepare, but had not prepared at  
22 Chittick’s instruction;

23                            b.    Chittick had breached fiduciary duties he owed DenSco through  
24 grossly negligent lending practices;

25                            c.    the scope of DenSco’s financial exposure was greater than the 52  
26 properties identified in the demand letter, since it included the “other lenders”  
27 with whom Menaged had reached an informal agreement in November 2013;  
28

1 Document Search tool on the website maintained by Maricopa County Recorder's  
2 Office.

3 240. ~~233.~~ A few brief searches would have confirmed Chittick's claim that  
4 DenSco was the first to record: DenSco's Mortgage was recorded on September 18,  
5 2013 as instrument number 2013-0837513, while Geared Equity's deed of trust was  
6 recorded on September 19, 2013 as instrument number 2013-0842640.

7 241. ~~234.~~ But those two documents would also have shown that Menaged  
8 signed each document before a notary on September 17, 2013, making clear that  
9 Menaged, not his "cousin," had secured both loans.

10 242. ~~235.~~ Moreover, because the demand letter claimed that Geared Equity had  
11 delivered funds to the Trustee, and Chittick had admitted he had not, the question  
12 remained as to where DenSco's funds had gone and whether they could be recovered.

13 ~~2. — Clark Hill Failed to Properly Advise DenSco.~~

14 ~~a. — After Receiving the Demand Letter and Chittick's~~  
15 ~~January 6 Email, Beauchamp Should Have Insisted on~~  
16 ~~Meeting with Chittick Alone So That He Could Advise~~  
17 ~~Chittick of the Actions He Was Required to Take to~~  
18 ~~Protect DenSco From Further Harm, But Beauchamp~~  
19 ~~Failed to Do So.~~

20 2. On Thursday, January 9, 2014, Beauchamp, After Learning  
21 about Chittick's Gross Mismanagement of DenSco and the  
22 Substantial Financial Losses DenSco Faced as a Result of Its  
23 Past Lending Relationship With Menaged, Negligently Advised  
24 DenSco to Pursue a "Work Out" Plan With Menaged, Which  
25 Was a Further Act of Negligence and the Ongoing Aiding and  
26 Abetting of Chittick's Breaches of Fiduciary Duties.

27 243. ~~236.~~ Beauchamp, as DenSco's attorney, should have recognized that he  
28 had an obligation to meet privately with Chittick, without Menaged present, to confirm  
relevant facts, and advise Chittick, as DenSco's President, of the actions DenSco  
needed to take and the consequences to DenSco if it failed to do so.

244. Beauchamp instead agreed to meet on Thursday, January 9, 2014, with  
both Chittick and Menaged, who Beauchamp knew from an email he had received in  
June 2013 regarding the *Freo* lawsuit was represented by attorney Jeffrey J. Goulder.

1 Beauchamp did not take any steps to confirm with Goulder that he could meet with  
2 Menaged without Goulder being present.

3 245. Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on  
4 January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];  
5 review and work on notes from meeting and outline follow-up; review and respond to  
6 several emails; review documents and information."

7 246. Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick  
8 and Menaged confirmed that DenSco faced exposure from both the Lienholders  
9 identified in the January 6, 2014 demand letter and other lenders, including Active  
10 Funding Group.

11 247. According to Beauchamp's notes, the number of loans made by DenSco  
12 that were not in first position and were either unsecured or under-secured was between  
13 100 and 125. Based on that information and the 2011 POM's average loan amount of  
14 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged  
15 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and  
16 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

17 248. Beauchamp's notes from the January 9, 2014 meeting also reflect that  
18 Chittick did not know what had happened to as much as \$14.5 million that DenSco had  
19 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate  
20 the loss and seek to recover those funds. The notes state: "What happened to the  
21 money? -- Will pursue something or his cousin → but trying to determine where the  
22 money has gone."

23 249. Beauchamp's notes from the January 9, 2014 meeting also reflect that,  
24 although the money DenSco previously loaned Menaged was missing and Chittick had  
25 taken no steps to investigate the circumstances under which the loan losses had  
26 occurred and their impact on DenSco, Chittick and Menaged had agreed to pursue a  
27 "work out" of the loan losses caused by Chittick's gross mismanagement of DenSco's  
28 lending practices.

1            250. ~~237. Beauchamp~~ As of the conclusion of the January 9, 2014 meeting,  
2            Clark Hill and Beauchamp, who had negligently advised DenSco in September 2013  
3            and since then had aided and abetted Chittick's breach of fiduciary duty, failed to do the  
4 following:

5            a.        Tell Chittick he should not bring Menaged to ~~their scheduled~~  
6            ~~January 9, 2014~~ the meeting;

7            b.        Tell Chittick that DenSco's sale of promissory notes since July 1,  
8            2013 to investors exposed DenSco and Chittick to civil and criminal liability;

9            c.        Tell Chittick that DenSco should not have sold any notes without  
10           first issuing a new POM and should not use the proceeds of sales made since  
11           July 1, 2013 until the investors who bought those notes had been given a new  
12           POM and afforded an opportunity to rescind those transactions;

13           d.        Tell Chittick that DenSco could not sell any new promissory notes  
14           until Clark Hill was able to conduct an adequate investigation of DenSco's  
15           lending practices and other material information and a new POM had been  
16           issued;

17           e.        Tell Chittick that DenSco should immediately cease doing business  
18           with Menaged based on the implausibility of the "cousin" story and the readily  
19           available public records discussed above;

20           f.        Tell Chittick that, at a minimum, DenSco should not have any  
21           further business dealings with Menaged until it had investigated the true facts of  
22           the alleged fraud by Menaged's "cousin";

23           g.        Tell Chittick that after discovering the true facts about Menaged's  
24           dealings with DenSco (whether through a review of public records or some other  
25           investigation), DenSco should rescind all lending agreements it had made with  
26           Menaged since November 2013 on the grounds of fraud in the inducement, and  
27           seek to enforce its remedies for all other loans that Menaged had obtained  
28           through fraud; and

1           h.     Tell Chittick that DenSco had to assess the impact of the fraud on  
2     DenSco’s financial position, and if that assessment resulted in a finding that  
3     DenSco was insolvent, DenSco had to consider duties owed to its investors and  
4     other creditors in making all business decisions.<sup>3</sup>

5     251. ~~238.~~This advice should have been documented in writing.

6     252. ~~239.~~If Chittick declined to follow ~~the~~that advice, Beauchamp should  
7     have threatened to withdraw from representing DenSco, which may have caused  
8     Chittick to relent and follow the advice~~-,~~ and withdraw from representing DenSco if  
9     Chittick failed to follow the advice.

10     ~~240.—Beauchamp did not tell Chittick he should not bring Menaged to the~~  
11     ~~planned January 9, 2014 meeting and did not give the advice described above.~~

12     253. ~~241.~~The Receiver intends to offer evidence at trial establishing that if  
13     Beauchamp had taken ~~these~~the actions summarized above and given Chittick the  
14     advice he should have given, Chittick would have caused DenSco to follow that advice.

15     254. ~~242.~~Evidence of Chittick’s long professional relationship with  
16     Beauchamp and numerous instances of Chittick following Beauchamp’s legal advice  
17     establish that if Beauchamp had properly advised DenSco during the first week of  
18     January 2014, Chittick would have caused DenSco to: (i) stop selling promissory notes;  
19     (ii) terminate its relationship with Menaged and his companies; (iii) pursue its remedies  
20     against Menaged and his companies; and (iv) explore whether DenSco could survive as  
21     a going concern or would have to liquidate. Such evidence~~-,~~ among other evidence  
22     disclosed or discovered during this litigation, includes:

23           a.     Clark Hill and Beauchamp’s admission in their initial disclosure  
24     statement (at 4), that “[o]ver the years, Mr. Chittick showed himself to be a  
25     trustworthy and savvy businessman, and a good client. . . . Despite complaining  
26

27     <sup>3</sup>     DenSco was indisputably insolvent in January 2014, as Chittick’s statements to  
28     Beauchamp at the time made clear and as the Receiver was able to determine after  
   reviewing DenSco’s QuickBooks records.



1 about the cost of legal services, Mr. Chittick appeared to follow Mr.  
2 Beauchamp's advice and provided information when asked for it."

3 b. ~~Moreover~~The fact that, only six months earlier, DenSco had  
4 immediately followed Bryan Cave's June 2013 advice to modify its website, and  
5 Bryan Cave's files reflect that Chittick was prepared to cause DenSco to refund  
6 all investor loans if that was necessary to correct the "general solicitation"  
7 problem Bryan Cave had identified.

8 c. A number of instances during and after January 2014 in which  
9 Chittick followed Beauchamp's advice.

10 d. Chittick's oral and written statements after January 2014 reflecting  
11 his desire to obtain Beauchamp's advice.

12 c. Chittick's writings shortly before his death.

13 ~~3. During the January 9, 2014 Meeting with Chittick and~~  
14 ~~Menaged, Beauchamp Learned That DenSco Faced an Even~~  
15 ~~Larger Financial Exposure as a Result of Chittick's~~  
16 ~~Mismanagement Than the Exposure Presented by the Demand~~  
17 ~~Letter, And Chittick Wanted to Try to Cover Up His~~  
18 ~~Mismanagement By Pursuing a "Work-Out" Plan With~~  
19 ~~Menaged.~~

20 243. ~~Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on~~  
21 ~~January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];~~  
22 ~~review and work on notes from meeting and outline follow-up; review and respond to~~  
23 ~~several emails; review documents and information."~~

24 244. ~~Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick~~  
25 ~~and Menaged confirmed that DenSco faced exposure from both the Lienholders~~  
26 ~~identified in the January 6, 2014 demand letter and other lenders, including Active~~  
27 ~~Funding Group.~~

28 245. ~~According to Beauchamp's notes, the number of loans made by DenSco~~  
that were not in first position and were either unsecured or under-secured was between  
100 and 125. Based on that information and the 2011 POM's average loan amount of

1 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged  
2 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and  
3 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

4 246. Beauchamp's notes from the January 9, 2014 meeting also reflect that  
5 Chittick did not know what had happened to as much as \$14.5 million that DenSco had  
6 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate  
7 the loss and seek to recover those funds. The notes state: "What happened to the  
8 money? Will pursue something or his cousin → but trying to determine where the  
9 money has gone."

10 247. Beauchamp's notes from the January 9, 2014 meeting also reflect that,  
11 although the money DenSco previously loaned Menaged was missing and Chittick had  
12 taken no steps to investigate the circumstances under which the loan losses had  
13 occurred and their impact on DenSco, Chittick and Menaged had agreed to pursue a  
14 "work out" of the loan losses caused by Chittick's gross mismanagement of DenSco's  
15 lending practices.

16 **3. On Sunday, January 14, 2014, Clark Hill Advised Chittick**  
17 **That DenSco Could Continue Selling Promissory Notes**  
18 **Without First Issuing a New POM.**

19 255. Clark Hill and Beauchamp claim in their initial disclosure statement  
20 (at 10-11) that Beauchamp advised Chittick "during his January 9, 2014 meeting with  
21 Mr. Chittick" and repeatedly thereafter that: (a) DenSco was not permitted to take new  
22 money without full disclosure to the investor lending the money; (b) DenSco was not  
23 permitted to roll over existing investments without full disclosure to the investor rolling  
24 over the money; and (c) DenSco needed to update its POM and make full disclosure to  
25 all its investors.

26 256. A jury will be asked to find that this claim is an after-the-fact untruth.

27 257. There are *no documents*, such as notes, emails or letters, which reflect  
28 that Beauchamp *ever* gave that advice.

1           258.   The documents in the file instead show that Beauchamp told Chittick on  
2 January 12, 2014 that DenSco *could* sell promissory notes without first issuing a new  
3 POM.

4           259.   Chittick’s entry for January 9, 2014 in a corporate journal he maintained  
5 during 2014 (the “2014 Corporate Journal”) says nothing about having been instructed  
6 by Beauchamp that DenSco could not sell promissory notes. The entry states, in part:  
7 “Scott and I met with David. He never read my email. We spent two hours. . . . He’s  
8 going to contact the lawyer tomorrow and let us know.”

9           260.   Beauchamp’s handwritten notes from a call with Chittick on Friday,  
10 January 10, 2014 state, in part, “Need to get back up plan in place. *Denny does not*  
11 *want to talk to his investors until he is ready* – will not take long.” (Emphasis added.)

12           261.   Chittick’s entry for that date in the 2014 Corporate Journal states, in part,  
13 “at 5pm Dave called, said *they would give us time to clean it up*. I talked to Scott; he is  
14 going to try to bring in money. *I can raise money according to Dave*.” (Emphasis  
15 added.)

16           262.   On Sunday, January 12, 2014, Chittick sent Beauchamp an email which  
17 stated, in part, “*I’ve spent the day contacting every investor that has told me they want*  
18 *to give me more money. I don’t have an answer on specifically how much I can*  
19 *raise; I’ll know that in a day or two*.” (Emphasis added.) He went on to say that  
20 between new money, current cash on hand, and pending real estate closings, he would  
21 have *between \$5 and \$10 million in the next ten days*. His email summarized the  
22 outline of the plan he and Menaged had discussed the previous Friday, which included,  
23 for the group of lenders represented by Bryan Cave: *(i) identifying all properties in*  
24 *which another party claimed an interest; (ii) providing that information to an escrow*  
25 *agent; (iii) buying out the other parties as cash was put into escrow; and (iv)*  
26 *memorializing the arrangement through a term sheet and a written contract. “*If both**  
27 *Scott and I can raise enough money*, we should be able to have this all done in 30 days  
28 *easy, less than three weeks would be my goal*.” (Emphasis added.) As for the other

1 lenders, Chittick stated that the plan was to pay them off as Menaged was able to raise  
2 additional capital. Chittick concluded the email by stating, “*that’s my plan, shoot*  
3 *holes in it.*” (Emphasis added.)

4 263. Beauchamp responded in an email sent later that day which stated, in part,  
5 “*[y]ou should feel very honored that you could raise that amount of money that*  
6 *quickly.* I will outline a few thoughts tomorrow and get back to you.” (Emphasis  
7 added.)

8 264. The “few thoughts” that Beauchamp conveyed the next day were  
9 questions about the sources from whom Menaged would raise money. *Beauchamp did*  
10 *not tell Chittick that DenSco could not raise new money by selling promissory notes*  
11 *without first issuing a new POM.*

12 265. In addition to these facts, Beauchamp admitted in his deposition that he  
13 knew Chittick had caused DenSco to sell promissory notes after January 9, 2014. He  
14 implausibly claimed to have understood that Chittick did so only after making  
15 disclosures to each investor who purchased a promissory note.

16 266. Clark Hill and Beauchamp make a similar admission in their initial  
17 disclosure statement (at 11) that “Mr. Chittick assured Mr. Beauchamp repeatedly that  
18 he was making the requisite disclosures to investors on an as needed basis, and that he  
19 had informed a select group of investors as to the double lien issue and the proposed  
20 workout.”

21 **4. After the January 9, 2014 Meeting, Clark Hill **Helped****  
22 **Negligently Advised DenSco and Continued Assisting Chittick**  
23 **Breach Fiduciary Duties He Owed to DenSco and By (1)**  
24 **Telling Chittick DenSco Could Indefinitely Delay Issuing a**  
25 **New POM, (2) Negotiating a Forbearance Agreement That**  
26 **Was Not in DenSco’s Interest, and (3) Negligently Advised**  
27 **Advising DenSco About the Practices It Should Follow in**  
28 **Continuing to Loan Money to Menaged.**

26 267. After the January 9, 2014 meeting, Clark Hill and Beauchamp negligently  
27 advised DenSco and continued assisting Chittick breach fiduciary duties by telling  
28 Chittick that DenSco could continue to raise money from investors while Chittick was

1 implementing his “work out” plan, and that DenSco could indefinitely delay issuing a  
2 new POM until Chittick felt comfortable doing so.

3 268. ~~248.~~ After the January 9, 2014 meeting, Clark Hill ~~helped~~ Clark Hill also  
4 negligently advised DenSco and continued assisting Chittick breach fiduciary duties he  
5 owed DenSco by negotiating a “Forbearance Agreement” that was not in DenSco’s  
6 interest and was instead intended to cover up Chittick’s mismanagement of DenSco’s  
7 lending practices and protect Chittick from potential claims by DenSco’s investors.

8 ~~249. Clark Hill also helped~~ Chittick breach fiduciary duties by ~~advising~~ Chittick that  
9 DenSco could continue to raise money from investors while Chittick was implementing  
10 his “work out” plan, and that DenSco could indefinitely delay issuing a new POM until  
11 Chittick felt comfortable doing so.

12 269. In addition, having failed to advise DenSco to end completely its lending  
13 relationship with Menaged, Clark Hill negligently advised DenSco about the lending  
14 practices it should follow in loaning new monies to Menaged and his entities.

15 270. ~~250.~~ These actions served Chittick’s interests, who hoped to “fix” the  
16 problem created by his gross mismanagement of DenSco and delay telling his investors  
17 about the problem until after he had minimized the financial harm, and to delay or  
18 avoid making disclosures to DenSco’s investors about the Forbearance Agreement and  
19 how it came to be put in place.

20 271. ~~251.~~ Clark Hill and Beauchamp, on the other hand, having failed to  
21 properly advise Chittick in September 2013 that ~~it~~ DenSco could not sell promissory  
22 notes without first issuing a new POM, and having agreed with Chittick to indefinitely  
23 delay work on the POM, similarly saw the Forbearance Agreement as an opportunity to  
24 cover up their negligence and potentially mitigate their exposure.

25 ~~252. At the same time that it was~~ drafting the Forbearance Agreement, ~~which obligated~~  
26 ~~DenSco to continue loaning money to Menaged, Clark Hill failed to properly advise~~  
27 ~~DenSco about how the loans should be made.~~

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5. During February, March and April 2014, While the Forbearance Agreement Was Negotiated, Clark Hill Advised Chittick That DenSco Could Delay Issuing a New POM.

272. After telling Chittick that DenSco could continue selling promissory notes without first issuing a new POM, Beauchamp would periodically tell Chittick that a new POM had to be issued to reveal information about DenSco’s operations, but let Chittick believe the issuance of the POM could be delayed.

273. In a February 4, 2014 email that Beauchamp sent to Chittick, Beauchamp wrote that the Forbearance Agreement would need to be described in a document “that you HAVE to provide to your investors.”

274. Chittick’s February 7, 2014 entry in the 2014 Corporate Journal states, in part, “I was on the phone with David and [Menaged] off and on trying to find middle ground in this crap to make this agreement final. Now [D]avid is telling me I have to tell my investors.”

275. Beauchamp’s notes reflect that he discussed with Chittick on February 21, 2014 DenSco’s upcoming annual meeting, which was scheduled for March 8. He wrote: “cannot be ready to tell everything.” (Emphasis added.)

276. Beauchamp’s notes went on to reflect his thoughts about what might eventually be disclosed to investors. He wrote: “What to put into notice to the investors. [E]xplain concentration to Scott to help Scott package homes to sell to a Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with double leverage came up with a plan, but that required DenSco to make higher leveraged loans. DenSco also made advances on new homes purchased.”

277. Notably, Beauchamp’s notes reflect that he did not intend to advise Chittick to disclose to investors that the “double leverage” problem was the result of Chittick’s grossly negligent lending practices.

278. Beauchamp’s notes also show that he knew the workout plan was increasing the loan-to-value ratios on many of DenSco’s loans far above what DenSco

1 had disclosed to investors in any previous POM. For example, he wrote: “30 loans are  
2 now at 95% LTV.”

3 279. The entry Chittick made in the 2014 Corporate Journal for March 11,  
4 2014 states, in part: “David changed and said now I have to tell my investors.  
5 (Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that  
6 way it will be a minor issue.”

7 280. In a March 13, 2014 email to Chittick regarding the inclusion in the  
8 Forbearance Agreement of a confidentiality provision that Menaged had sought,  
9 Beauchamp wrote: With respect to timing, we are already very late in providing  
10 information to your investors about this problem and the resulting material changes  
11 to your business plan. We cannot give [Menaged] and his attorney any time to cause  
12 further delay in getting this Forbearance Agreement finished and the necessary  
13 disclosure prepared and circulated.” (Emphasis in original.)

14 **5.Clark-Hill-6. Clark Hill Further Aided and Abetted Chittick’s**  
15 **Breach of Fiduciary Duties Owed DenSco by Negotiating and**  
16 **Documenting a Forbearance Agreement Between January and**  
17 **April 2014 That Was Not in DenSco’s Interests and Was**  
18 **Intended by Clark Hill to Cover Up Chittick’s**  
19 **Mismanagement of DenSco’s Lending Practices and Protect**  
20 **Chittick From Claims by DenSco’s Investors.**

21 281. 253.On January 10, 2014, Beauchamp opened a “new matter” for DenSco  
22 in Clark Hill’s accounting and filing systems that was called “work-out of lien issue” to  
23 enable and implement the “work out” plan Chittick and Menaged had developed.<sup>4</sup>

24 282. 254.Over the next three months, Beauchamp helped negotiate and finalize  
25 a Forbearance Agreement that was not in DenSco’s interests and was, as Beauchamp  
26 said multiple times in writing, intended to protect Chittick from potential claims by his  
27 investors by making it appear that the loan losses DenSco faced were caused by

28 <sup>4</sup> A few days later, on January 14, 2014, Beauchamp opened a “new matter” for DenSco in Clark Hill’s accounting and file systems that was called “business matters.”

1 follow, including the overall LTV loan ratios for all of [DenSco's] outstanding  
2 loans to its borrowers in the aggregate and the concentration of all of [DenSco's]  
3 outstanding loans among all of its borrowers. Further, [DenSco] will use its good  
4 faith efforts not to include the names of Borrower, Guarantor, or New Guarantor  
5 in [DenSco's] disclosure material. [DenSco] will also provide Borrower with a  
6 copy of the applicable disclosure prior to dissemination to [DenSco's] investors  
7 and allow Borrower to have 48 hours to review and comment upon such  
8 disclosure. (Emphasis added.)

6. ~~Clark Hill Advised Chittiek That DenSco Could Continue  
Selling Promissory Notes Without First Issuing a New POM,  
and that DenSco Could Indefinitely Delay Issuing a New POM.~~

8 298. ~~Clark Hill and Beauchamp claim in their initial disclosure statement  
9 (at 10-11) that Beauchamp advised Chittiek "during his January 9, 2014 meeting with  
10 Mr. Chittiek" and repeatedly thereafter that: (a) DenSco was not permitted to take new  
11 money without full disclosure to the investor lending the money; (b) DenSco was not  
12 permitted to roll over existing investments without full disclosure to the investor rolling  
13 over the money; and (c) DenSco needed to update its POM and make full disclosure to  
14 all its investors.~~

15 299. ~~A jury will be asked to find that this claim is an after the fact untruth.~~

16 300. ~~There are *no documents*, such as notes, emails or letters, which reflect  
17 that Beauchamp *ever* gave that advice.~~

18 ~~301. The documents in the file instead show that Beauchamp told Chittiek that  
19 DenSco could sell promissory notes, *and that DenSco could put off preparing a new  
20 POM while Chittiek pursued his "work-out" plan.*~~

21 ~~302. Moreover, Beauchamp admitted in his deposition that he knew Chittiek had  
22 caused DenSco to sell promissory notes *but claims that he understood* Chittiek did so  
23 only after making disclosures to each investor who purchased a promissory note.~~

24 ~~303. Clark Hill and Beauchamp make a similar *claim* in their initial disclosure  
25 statement (at 11) that "Mr. Chittiek assured Mr. Beauchamp repeatedly that he was  
26 making the requisite disclosures to investors on an as needed basis, and that he had  
27 informed a select group of investors as to the double lien issue and the proposed  
28 workout."~~



1 **a. — ~~In early January 2014, Clark Hill Advised DenSeco It~~**  
2 **~~Could Sell Promissory Notes Without First Issuing a~~**  
3 **~~New POM~~**

4 304. — ~~Chittick's entry for January 9, 2014 in a corporate journal he maintained~~  
5 ~~during 2014 (the "2014 Corporate Journal") says nothing about having been instructed~~  
6 ~~by Beauchamp that DenSeco could not sell promissory notes. The entry states, in part:~~  
7 ~~"Scott and I met with David. He never read my email. We spent two hours. . . . He's~~  
8 ~~going to contact the lawyer tomorrow and let us know."~~

9 305. — ~~Beauchamp's handwritten notes from a call with Chittick on Friday,~~  
10 ~~January 10, 2014 state, in part, "Need to get back up plan in place. *Denny does not*~~  
11 ~~*want to talk to his investors until he is ready* — will not take long." (Emphasis added.)~~

12 306. — ~~Chittick's entry for that date in the 2014 Corporate Journal states, in part,~~  
13 ~~"at 5pm Dave called, said *they would give us time to clean it up*. I talked to Scott; he is~~  
14 ~~going to try to bring in money. *I can raise money according to Dave.*" (Emphasis~~  
15 ~~added.)~~

16 307. — ~~On Sunday, January 12, 2014, Chittick sent Beauchamp an email which~~  
17 ~~stated, in part, "*I've spent the day contacting every investor that has told me they want*~~  
18 ~~*to give me more money. I don't have an answer on specifically how much I can*~~  
19 ~~*raise; I'll know that in a day or two.*" (Emphasis added.) He went on to say that~~  
20 ~~between new money, current cash on hand, and pending real estate closings, he would~~  
21 ~~have *between \$5 and \$10 million in the next ten days*. His email summarized the~~  
22 ~~outline of the plan he and Menaged had discussed the previous Friday, which included,~~  
23 ~~for the group of lenders represented by Bryan Cave: (i) identifying all properties in~~  
24 ~~which another party claimed an interest; (ii) providing that information to an escrow~~  
25 ~~agent; (iii) buying out the other parties as cash was put into escrow; and (iv)~~  
26 ~~memorializing the arrangement through a term sheet and a written contract. "*[I]f both*~~  
27 ~~*Scott and I can raise enough money*, we should be able to have this all done in 30 days~~  
28 ~~easy, less than three weeks would be my goal." (Emphasis added.) As for the other~~  
lenders, Chittick stated that the plan was to pay them off as Menaged was able to raise

1 additional capital. Chittick concluded the email by stating, *“that’s my plan, shoot*  
2 *holes in it.”* (Emphasis added.)

3 308.—Beauchamp responded in an email sent later that day which stated, in part,  
4 *“[y]ou should feel very honored that you could raise that amount of money that*  
5 *quickly.* I will outline a few thoughts tomorrow and get back to you.” (Emphasis  
6 added.)

7 309.—The “few thoughts” that Beauchamp conveyed the next day were  
8 questions about the sources from whom Menaged would raise money. Beauchamp did  
9 not tell Chittick that DenSeo could not raise new money by selling promissory notes  
10 without first issuing a new POM.

11 **b.—During February, March and April 2014, While the**  
12 **Forbearance Agreement Was Negotiated, Clark Hill**  
13 **Advised Chittick That DenSeo Could Delay Issuing a**  
14 **New POM.**

14 310.—After telling Chittick that DenSeo could continue selling promissory notes  
15 without first issuing a new POM, Beauchamp would periodically tell Chittick that a  
16 new POM had to be issued to reveal information about DenSeo’s operations, but let  
17 Chittick believe the issuance of the POM could be delayed.

18 311.—In a February 4, 2014 email that Beauchamp sent to Chittick, Beauchamp  
19 wrote that the Forbearance Agreement would need to be described in a document “that  
20 you HAVE to provide to your investors.”

21 312.—Chittick’s February 7, 2014 entry in the 2014 Corporate Journal states, in  
22 part, “I was on the phone with David and [Menaged] off and on trying to find middle  
23 ground in this crap to make this agreement final. *Now [D]avid is telling me I have to*  
24 *tell my investors.”*

25 313.—Beauchamp’s notes reflect that he discussed with Chittick on February 21,  
26 2014 DenSeo’s upcoming annual meeting, which was scheduled for March 8. He  
27 wrote: *“cannot be ready to tell everything.”* (Emphasis added.)

28

1           314. ~~Beauchamp's notes went on to reflect his thoughts about what might~~  
2 ~~eventually be disclosed to investors. He wrote: "What to put into notice to the~~  
3 ~~investors. [E]xplain concentration to Scott to help Scott package homes to sell to a~~  
4 ~~Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with~~  
5 ~~double leverage came up with a plan, but that required DenSeco to make higher~~  
6 ~~leveraged loans. DenSeco also made advances on new homes purchased."~~

7 ~~15. ~~Notably, Beauchamp notes reflect that he did not intend to advise Chittick to~~~~  
8 ~~disclose to investors that the "double leverage" problem was the result of Chittick's~~  
9 ~~grossly negligent lending practices.~~

10           316. ~~Beauchamp's notes also show that he knew the workout plan was~~  
11 ~~increasing the loan-to-value ratios on many of DenSeco's loans far above what DenSeco~~  
12 ~~had disclosed to investors in any previous POM. For example, he wrote: "30 loans are~~  
13 ~~now at 95% LTV."~~

14           317. ~~The entry Chittick made in the 2014 Corporate Journal for March 11,~~  
15 ~~2014 states, in part: "*David changed and said now I have to tell my investors.*~~  
16 ~~(Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that~~  
17 ~~way it will be a minor issue."~~

18           318. ~~In a March 13, 2014 email to Chittick regarding the inclusion in the~~  
19 ~~Forbearance Agreement of a confidentiality provision that Menaged had sought,~~  
20 ~~Beauchamp wrote: With respect to timing, we are already very late in providing~~  
21 ~~information to your investors about this problem and the resulting material changes~~  
22 ~~to your business plan. We cannot give [Menaged] and his attorney any time to~~  
23 ~~cause further delay in getting this Forbearance Agreement finished and the~~  
24 ~~necessary disclosure prepared and circulated." (Emphasis in original.)~~

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26  
27  
28

Kirk Fischer	\$600,000	1/29/14 <sup>5</sup>
Brian Imdieke	\$500,000	2/11/14 <sup>6</sup>
Ryan Baughman	\$300,000	2/11/14
Kaylene Moss	\$10,000	3/5/14
Ryan Baughman	\$300,000	4/1/14 <sup>7</sup>
Wayne Ledet	\$30,000	4/7/14
Alexandra Bunger	\$850,000	5/1/14
Cassidy Bunger	\$850,000	5/1/14
Connor Bunger	\$850,000	5/1/14
Bill Hughes	\$6,500	5/1/14
Bill Hughes -- IRA	\$6,500	5/1/14

353. ~~346.~~ DenSco's sale of those promissory notes was necessary for DenSco to continue its business operations, and Clark Hill enabled DenSco to obtain investor funds during that five-month period without making adequate disclosures to those investors, exposing DenSco to substantial liability for those sales.

~~347. — The Receiver will update this disclosure statement to identify additional promissory note sales after May 2014.~~

~~7. — In Addition to Aiding and Abetting Chittiek's Breach of Fiduciary Duties, Clark Hill Also Negligently Advised Chittiek That DenSco Could Continue Giving Loan Proceeds to Menaged, Rather Than Paying Them Directly to a Trustee.~~

~~348. — As of January 9, 2014, Clark Hill knew that Chittiek had been grossly negligent in managing DenSco's lending operations by giving tens of millions of loan proceeds to Menaged, rather than paying them directly to a Trustee.~~

<sup>5</sup> Five-year note.

<sup>6</sup> Six-month note.

<sup>7</sup> Three-month note.

1           349.—~~Clark Hill knew that this practice violated the terms of the Mortgage~~  
2 ~~document Clark Hill knew DenSeco routinely employed to document loans, which stated~~  
3 ~~that “The undersigned borrower (“Borrower”) acknowledges receipt of the proceeds of~~  
4 ~~a loan from DenSeco Investment Corporation (“Lender”) in the sum of \$ \_\_\_\_\_, as~~  
5 ~~evidenced by check payable to: \_\_\_\_\_ (“Trustee”). (Emphasis added.)~~

6           350.—~~Clark Hill also knew that this practice was an extraordinary breach of the~~  
7 ~~representations in DenSeco’s POMs. As Beauchamp has admitted in interrogatory~~  
8 ~~answers, DenSeco’s POMs represented that DenSeco employed appropriate due diligence~~  
9 ~~and loan procedures in making loans. An essential part of those loan procedures was~~  
10 ~~that “every mortgage evidencing a property purchase made with a DenSeco loan stated~~  
11 ~~that the check purchasing the property was made to the Trustee.”~~

12           351.—~~Clark Hill also knew, from Beauchamp’s January 9, 2014 meeting with~~  
13 ~~Chittick and Menaged, that Chittick’s failure to follow those loan procedures had~~  
14 ~~exposed DenSeco to a substantial potential loss of between \$11.6 and \$14.5 million, or~~  
15 ~~between 25% and 30% of the \$47 million that Beauchamp understood DenSeco had~~  
16 ~~raised as of June 2013.~~

17           352.—~~And Clark Hill knew that those potential losses resulted from Chittick’s~~  
18 ~~dealings with one borrower, Scott Menaged.~~

19           353.—~~After Clark Hill learned, through Beauchamp’s January 9, 2014 meeting~~  
20 ~~with Chittick and Menaged, that Chittick intended to cause DenSeco to continue loaning~~  
21 ~~money to Menaged, Clark Hill should have issued immediate, clear written advice to~~  
22 ~~Chittick that: (1) DenSeco must adhere to the lending practices identified in its POMs~~  
23 ~~and referenced in the Mortgage—i.e., disbursing loan proceeds directly to a Trustee,~~  
24 ~~through a check (as the Mortgage contemplated) or a wire transfer; and (2) never~~  
25 ~~disbursing loan proceeds directly to Menaged (or any other borrower) under any~~  
26 ~~circumstances.~~

1           354.—Clark Hill had the opportunity to give that advice when Beauchamp  
2 received an email from Chittick during the evening of January 9, 2014, in which  
3 Chittick posed the following question:

4           If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don[']t get a  
5 receipt that DenSeco [p]aid for it. [I] get a receipt saying that X property was  
6 paid for, for X \$'s vested in borrower's name. [DenSeco's] name doesn't appear  
7 on it. [O]ther than having a cashier's check receipt saying [DenSeco] made a  
8 check out for it, there isn't anything from the trustee saying that it was  
9 [DenSeco's] check. *[I] could wire [Menaged] the money, he could produce a  
cashier's check that says remitter is DenSeco and it would have the exact same  
effect as if [I] got [a] cashier's check that said [DenSeco's] the remitter. . . .*  
[P]ut aside the logistics for a second, what proof or what guarantee is there by  
me cutting the check and handing it to [S]uzy at the trustee[']s office rather than  
my borrowers? [I] know [I] must be missing something. (Emphasis added.)

10           355.—Clark Hill failed to tell Chittick that he could not “wire Menaged the  
11 money” because: (1) doing so was contrary to representations in the POM and the terms  
12 of the Mortgage; (2) doing so had previously exposed DenSeco to a potential loss of  
13 between \$11.6 and \$14.5 million; and (3) Menaged could not, given obvious questions  
14 about the veracity of his “cousin” story, be trusted.

15           356.—Beauchamp instead responded in an email that night in which he said:  
16 *“Let me see what the other lenders got from the Trustee and we can make a better*  
17 *decision.* There is either another way to do it or someone described a procedure that  
18 does not work.” (Emphasis added.)

19           357.—On January 17, 2014, Beauchamp told two other lawyers at Clark Hill,  
20 Dan Schenck and Bob Anderson, who specialized in real estate lending, that the firm  
21 needed to review “the demand letter from Bryan Cave asserting the claim from the  
22 other lenders”—i.e., that DenSeco had fraudulently filed 52 Mortgage documents  
23 claiming that 52 Trustees had been paid to purchase properties at a Trustee's sale when  
24 no such payment had occurred—and *“[i]f this claim has any merit, [Clark Hill]*  
25 *need[ed] to advise DenSeco to change its internal procedures.”* But neither  
26 Beauchamp, Schenck, nor Anderson undertook that analysis.

1           358.—~~Beauchamp later advised Chittick that DenSeo could continue wiring~~  
2 ~~money to Menaged, trusting Menaged to pay the loan proceeds to a Trustee, so long as~~  
3 ~~Menaged provided written confirmation that he had done so. As Chittick wrote in July~~  
4 ~~2016:~~

5           a.—~~“Going back to December of 2013, . . . [Menaged] knew he had to~~  
6 ~~make money to help cover the deficit [that] would be created by the double~~  
7 ~~encumbered properties and shortage that would be created at the time of~~  
8 ~~disposition. He wanted time to still fund him buying properties at auction and~~  
9 ~~flipping them, wholesaling them, etc. *I talked to Dave about this in January*~~  
10 ~~*[2014] and he was in agreement with it as long as I received copies of checks*~~  
11 ~~*and receipts showing that I was paying the trustee.”* (Emphasis added.)~~

12           b.—~~“Dave, my lawyer, negotiated the work-out agreement and~~  
13 ~~endorsed the plan. Then when [Menaged] said hey, let me buy some~~  
14 ~~foreclosures, flip them, wholesale them, etc. so I can make money. *All the other*~~  
15 ~~*lenders wouldn’t lend to him. I needed him to make money now more than*~~  
16 ~~*ever before. We went to Dave, and he gave some constraints on how we were*~~  
17 ~~*to operate. I have all the documentation. I received copies of checks made out*~~  
18 ~~*to trustees, receipts from the trustees. I had all my docs signed. I recorded my*~~  
19 ~~*mortgages. I had evidence of insurance, and I did everything.”* (Emphasis~~  
20 ~~added.)~~

21           359.—~~Clark Hill and Beauchamp claim in their initial disclosure statement, and~~  
22 ~~Beauchamp claimed when he was deposed, that Clark Hill had advised Chittick in~~  
23 ~~January 2014 that it should not give loan proceeds to Menaged and should instead give~~  
24 ~~them to a Trustee. But a jury will find that this is yet another after-the-fact untruth. No~~  
25 ~~documents in Clark Hill’s file—not a letter, email, note or time entry—reflect that the~~  
26 ~~advice was ever given. Moreover, Beauchamp’s deposition testimony that he relied on~~  
27 ~~Anderson to give that advice to Chittick and understood it had been given is belied by~~  
28 ~~Anderson’s deposition testimony, who said he had not done so.~~

1           360.—A jury will reject Clark Hill’s claim and find that DenSeco followed  
 2 ~~Beauchamp’s negligent advice to Chittick that DenSeco could continue its long-standing~~  
 3 ~~practice of giving loan proceeds directly to Menaged, trusting him to use those funds~~  
 4 ~~only to pay a Trustee for property that would be fully secured, with DenSeco in first~~  
 5 ~~position. As a result, Menaged continued to have direct access to DenSeco’s funds,~~  
 6 ~~despite the tens of millions of dollars of losses that practice had caused DenSeco, which~~  
 7 ~~put Menaged in a position to misappropriate those funds, just as he had misappropriated~~  
 8 ~~the loan proceeds DenSeco had given him in previous years.~~

9           361.—As a direct consequence of Clark Hill’s negligence, DenSeco suffered  
 10 substantial losses.

11           362.—If Clark Hill had instead advised Chittick that DenSeco could never give  
 12 loan proceeds to Menaged and must instead independently cause those funds to be  
 13 delivered to a Trustee, Chittick would have followed that advice. Indeed, Chittick  
 14 acknowledged in his January 9, 2014 email that he “must be missing something.”

15           354. During the months of June through December 2014, DenSeco sold two  
 16 new promissory notes and rolled over many more, as shown in the table below, in the  
 17 amount of \$6,914,542.07.

<u>Last</u>	<u>First</u>	<u>Promissory Note Amount</u>	<u>Original Issue Date of Note</u>	<u>Rollover Maturity Date</u>
<u>NEW</u>				
<u>Indieke</u>	<u>Brian</u>	<u>500,000.00</u>	<u>02/11/14</u>	<u>08/11/14</u>
<u>Baughman</u>	<u>Ryan</u>	<u>300,000.00</u>	<u>04/01/14</u>	<u>07/15/14</u>
<u>RENEWAL</u>				
<u>Brown</u>	<u>Craig</u>	<u>50,000.00</u>	<u>09/02/10</u>	<u>09/02/14</u>
<u>Burkhart – IRA</u>	<u>Kennen</u>	<u>250,449.14</u>	<u>07/02/12</u>	<u>07/02/14</u>
<u>Butler</u>	<u>Van</u>	<u>100,000.00</u>	<u>09/01/09</u>	<u>09/01/14</u>
<u>Carrick</u>	<u>Gretchen</u>	<u>100,000.00</u>	<u>09/04/12</u>	<u>09/04/14</u>
<u>McDowell</u>	<u>Caro</u>	<u>100,000.00</u>	<u>07/06/06</u>	<u>07/06/14</u>
<u>Cate, Jr.</u>	<u>Averill</u>	<u>10,000.00</u>	<u>08/29/13</u>	<u>08/29/14</u>
<u>Cate, Jr.</u>	<u>Averill</u>	<u>10,000.00</u>	<u>10/15/13</u>	<u>10/15/14</u>



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<u>Last</u>	<u>First</u>	<u>Promissory Note Amount</u>	<u>Original Issue Date of Note</u>	<u>Rollover Maturity Date</u>
<u>Cate, Jr.</u>	<u>Averill</u>	<u>10,000.00</u>	<u>12/15/13</u>	<u>12/15/14</u>
<u>Chittick</u>	<u>Arden &amp; Nina</u>	<u>50,000.00</u>	<u>11/18/04</u>	<u>11/18/14</u>
<u>Chittick</u>	<u>Arden &amp; Nina</u>	<u>30,000.00</u>	<u>11/14/06</u>	<u>11/14/14</u>
<u>Chittick</u>	<u>Arden &amp; Nina</u>	<u>20,000.00</u>	<u>11/06/08</u>	<u>11/06/14</u>
<u>Chittick</u>	<u>Mo &amp; Sam</u>	<u>75,000.00</u>	<u>09/12/07</u>	<u>09/12/14</u>
<u>Cohen</u>	<u>Herb &amp; Eileen</u>	<u>150,000.00</u>	<u>09/27/12</u>	<u>09/27/14</u>
<u>Cohen</u>	<u>Herb &amp; Eileen</u>	<u>50,000.00</u>	<u>10/03/12</u>	<u>10/03/14</u>
<u>Cohen</u>	<u>Herb &amp; Eileen</u>	<u>50,000.00</u>	<u>11/02/12</u>	<u>11/02/14</u>
<u>Davis</u>	<u>Glen</u>	<u>50,000.00</u>	<u>08/11/04</u>	<u>08/11/14</u>
<u>Davis</u>	<u>Glen</u>	<u>30,000.00</u>	<u>08/09/06</u>	<u>08/09/14</u>
<u>Davis</u>	<u>Glen</u>	<u>20,000.00</u>	<u>08/16/12</u>	<u>08/16/14</u>
<u>Davis</u>	<u>Jack</u>	<u>65,832.67</u>	<u>11/02/04</u>	<u>11/02/14</u>
<u>Detota</u>	<u>Scott</u>	<u>50,000.00</u>	<u>07/02/10</u>	<u>07/02/14</u>
<u>Dirks – IRA</u>	<u>Amy</u>	<u>72,307.96</u>	<u>08/03/12</u>	<u>08/03/14</u>
<u>Griswold</u>	<u>Russ</u>	<u>50,000.00</u>	<u>09/06/12</u>	<u>09/06/14</u>
<u>Hahn</u>	<u>Robert</u>	<u>20,000.00</u>	<u>07/15/08</u>	<u>07/15/14</u>
<u>Hickman</u>	<u>Dale</u>	<u>25,000.00</u>	<u>09/06/06</u>	<u>09/06/14</u>
<u>Hickman</u>	<u>Dale</u>	<u>100,000.00</u>	<u>07/14/08</u>	<u>07/14/14</u>
<u>Imdieke</u>	<u>Brian</u>	<u>250,000.00</u>	<u>12/01/10</u>	<u>12/01/14</u>
<u>Imdieke</u>	<u>Brian</u>	<u>500,000.00</u>	<u>09/19/12</u>	<u>09/19/14</u>
<u>Jetton</u>	<u>James</u>	<u>50,000.00</u>	<u>09/12/12</u>	<u>09/12/14</u>
<u>Jones</u>	<u>Les</u>	<u>50,000.00</u>	<u>10/10/06</u>	<u>11/10/14</u>
<u>Jones</u>	<u>Les</u>	<u>50,000.00</u>	<u>11/18/08</u>	<u>11/18/14</u>
<u>Kent</u>	<u>Paul</u>	<u>117,268.22</u>	<u>07/16/04</u>	<u>07/26/14</u>
<u>Kent</u>	<u>Paul</u>	<u>22,316.11</u>	<u>07/24/04</u>	<u>07/24/14</u>
<u>Kopel</u>	<u>Jemma</u>	<u>50,000.00</u>	<u>08/01/04</u>	<u>08/01/14</u>
<u>Ledet – IRA</u>	<u>Wayne</u>	<u>200,000.0</u>	<u>09/21/10</u>	<u>09/21/14</u>
<u>Ledet – Roth IRA</u>	<u>Wayne</u>	<u>91,658.52</u>	<u>08/06/12</u>	<u>08/06/14</u>
<u>Lee</u>	<u>Terry &amp; Lil</u>	<u>200,000.00</u>	<u>07/22/08</u>	<u>07/22/14</u>
<u>Lee</u>	<u>Terry &amp; Lil</u>	<u>100,000.00</u>	<u>09/30/10</u>	<u>10/30/14</u>
<u>Lee</u>	<u>Terry &amp; Lil</u>	<u>100,000.00</u>	<u>09/30/10</u>	<u>09/30/14</u>
<u>Locke</u>	<u>Bill &amp; Jean</u>	<u>30,000.00</u>	<u>07/11/06</u>	<u>07/11/14</u>
<u>Locke</u>	<u>Bill &amp; Jean</u>	<u>25,000.00</u>	<u>10/31/08</u>	<u>10/31/14</u>
<u>McArdle</u>	<u>Jim</u>	<u>80,000.00</u>	<u>11/26/10</u>	<u>11/26/14</u>
<u>Miller</u>	<u>Mary &amp; Pat</u>	<u>200,000.00</u>	<u>07/26/10</u>	<u>07/26/14</u>
<u>Muscat</u>	<u>Vince &amp; Sharry</u>	<u>200,000.00</u>	<u>07/22/04</u>	<u>07/22/14</u>
<u>Dubay</u>	<u>Dave</u>	<u>100,000.00</u>	<u>12/22/04</u>	<u>12/22/14</u>
<u>Page</u>	<u>Jolene</u>	<u>200,000.00</u>	<u>11/26/12</u>	<u>11/26/14</u>

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<u>Last</u>	<u>First</u>	<u>Promissory Note Amount</u>	<u>Original Issue Date of Note</u>	<u>Rollover Maturity Date</u>
Pearce – IRA	Marlene	10,000.00	08/13/12	08/13/14
Davis	Dori Ann	50,000.00	08/17/06	08/17/14
Davis	Dori Ann	25,000.00	08/16/12	08/16/14
Phalen	Jeff	150,000.00	11/01/06	11/01/14
Phalen	Jeff	50,000.00	12/01/06	12/01/14
Phalen	Jeff	50,000.00	11/01/10	11/01/14
Rzonca	Pete	100,000.00	11/19/12	11/19/14
Sheriff	Stewart	150,000.00	12/26/06	12/26/14
Schloz	Stanley	50,000.00	10/18/14	11/18/14
Scroggin – IRA	Annette	146,365.89	09/28/12	09/28/14
Scroggin – Roth	Annette	48,823.03	09/20/12	09/20/14
Scroggin – Roth	Annette	6,000.00	10/08/12	10/08/14
Scroggin	Michael	150,000.00	08/31/12	08/31/14
Scroggin – IRA	Michael	140,621.06	09/21/14	09/21/14
Scroggin – IRA	Michael	170,000.00	10/12/12	10/12/14
Scroggin – IRA	Michael	52,443.15	11/06/12	11/06/14
Scroggin – Roth	Michael	77,360.78	09/20/12	09/20/14
Scroggin – Roth	Michael	6,000.00	10/08/12	10/08/14
Sheriff	Stewart	150,000.00	11/20/06	11/20/14
Siegford	GE	70,000.00	09/12/06	09/12/14
Siefgord	GE	30,000.00	09/12/06	09/12/14
Smith	Carsyn	60,000.00	10/31/08	10/31/14
Smith	Carsyn	10,000.00	11/01/10	11/01/14
Smith	McKenna	60,000.00	10/31/08	10/31/14
Smith	McKenna	10,000.00	11/01/10	11/01/14
Sterling	Don	75,000.00	11/07/12	11/07/14
Thompson	Coralee	100,000.00	11/14/08	11/14/14
Thompson	Coralee	100,000.00	12/01/08	12/01/14
Thompson	Gary	55,000.00	07/14/10	07/14/14
Thompson	Gary	75,000.00	07/27/10	07/27/14
Trainor	Jimmy	10,000.00	07/21/04	07/21/14

<u>Last</u>	<u>First</u>	<u>Promissory Note Amount</u>	<u>Original Issue Date of Note</u>	<u>Rollover Maturity Date</u>
<u>Wellman</u>	<u>Carol &amp; Mike</u>	<u>50,000.00</u>	<u>08/12/05</u>	<u>08/12/14</u>
<u>Wellman – Roth</u>	<u>Carol</u>	<u>22,095.54</u>	<u>07/21/10</u>	<u>07/21/14</u>
<u>Wenig</u>	<u>Mark &amp; Debbie</u>	<u>50,000.00</u>	<u>06/28/04</u>	<u>07/28/14</u>
<u>Wenig</u>	<u>Mark &amp; Debbie</u>	<u>50,000.00</u>	<u>10/25/04</u>	<u>10/25/14</u>
<u>Zones</u>	<u>Michael</u>	<u>100,000.00</u>	<u>07/01/10</u>	<u>07/01/14</u>
<u>Zones</u>	<u>Michael</u>	<u>200,000.00</u>	<u>11/03/10</u>	<u>11/03/14</u>
<u>Zones</u>	<u>Michael</u>	<u>50,000.00</u>	<u>11/13/12</u>	<u>11/13/14</u>
	<u>Total Investments</u>	<u>6,914,542.07</u>		

**E. Response to 2016 ADFI Investigation**

355. ~~363.~~ In March 2016, Chittick asked Beauchamp to help DenSco respond to another investigation by the Arizona Department of Financial Institutions. Beauchamp worked on the matter during March, April, May and June 2016, billing his time to a “General” matter he had established in January 2013. As with previous inquiries by ADFI, Clark Hill argued that DenSco should not be licensed and regulated by ADFI, which would have included a review of DenSco’s lending procedures.

**F. Chittick’s Suicide**

356. ~~364.~~ Chittick committed suicide on July 28, 2016.

357. ~~365.~~ Shortly before his death, Chittick wrote an “Investor” letter that was never sent to DenSco’s investors but was among the business records obtained by the Receiver. Among the statements in that letter are the following: “Why didn’t I let all of you know what was going on at any point? It was pure fear. . . . I have 100 investors. I had no idea what everyone would do or want to do or how many would just sue, justifiably. *I also feared that there would be a classic run on the bank. . . I truly believe we had a plan that would allow me to continue to operate, my investors would receive their interest and redemptions as a normal course of business, and the rest of my portfolio was performing. Dave blessed this course of action.* (Emphasis added.) We signed this workout agreement and began executing it.”



1           366. Tellingly, Mr. Beauchamp did not tell Mr. Davis, as he and Clark Hill  
2 now claim in this lawsuit, that he had previously “fired DenSco for failing to make the  
3 requisite disclosures to its investors.”

4           367. ~~373.~~ On Sunday, July 31, 2016, Beauchamp exchanged emails with  
5 Koehler about scheduling a meeting with Koehler and Heuer the following afternoon.

6           368. Although Koehler had been identified in the 2011 POM as the person  
7 who would “provide or arrange for any necessary services for the Company” upon  
8 Chittick’s death or disability, there is nothing in Clark Hill’s file to indicate that  
9 Beauchamp consulted with Koehler about Clark Hill’s role, and whether it should or  
10 could provide services to DenSco at this time.

11           369. ~~374.~~ ~~Later that day,~~ Beauchamp exchanged emails with Heuer on July 31  
12 in which ~~Beauchamp~~ ~~he~~ approved an email Heuer had drafted to send to DenSco’s  
13 investors which stated, in part, “[a] meeting with Denny’s attorney is planned for  
14 Monday, August 1st, to form a course of action.”

15           370. ~~375.~~ Heuer sent the e-mail to DenSco investors during the evening of July  
16 31, 2016, forwarding a copy to Beauchamp, who thanked her for doing so.

17           371. On the morning of August 1, 2016, Heuer sent Beauchamp by email a  
18 copy of Chittick’s investor letter, which she asked Beauchamp to “read before we meet  
19 you today.” As noted above, Chittick made various statements in the letter about  
20 negligent advice he had received from Beauchamp.

21           372. ~~376.~~ ~~Heuer sent Beauchamp before~~ Heuer gave Beauchamp at their  
22 August 1 ~~meeting a copy of Chittick’s Investor Letter and gave him at the~~ meeting or in  
23 a meeting the following day a copy of the Iggy Letter.

24           373. Beauchamp “understood” at that time, as Defendants admit in their Sixth  
25 Supplemental Disclosure Statement, “that given the situation, DenSco’s creditors might  
26 attempt to point the finger at DenSco’s professionals, including Clark Hill and David  
27 Beauchamp.”

28

1           374. Beauchamp and Clark Hill nevertheless decided, as Clark Hill has  
2 admitted in a sworn statement prepared by one of its attorneys, Ryan Lorenz, to provide  
3 “advice and guidance to DenSco to assist it in winding down its business.”

4           375. Beauchamp did not run a conflict check before he and Clark Hill assumed  
5 that role, even though he could have quickly obtained information to run a conflict  
6 check from Heuer or Koehler.

7           376. Beauchamp did not memorialize Clark Hill’s representation through an  
8 engagement letter.

9           377. Beauchamp instead caused a “business wind down” file to be opened to  
10 which he began billing substantial amounts of time.

11           **H. Clark Hill Agreed to Represent Shauna Heuer, as Personal**  
12 **Representative of the Estate of Denny Chittick, Without Considering**  
13 **Apparent and Unconsentable Conflicts, or Discussing Those Conflicts**  
14 **With Ms. Heuer.**

15           378. Beauchamp arranged for Michelle Tran, who was then Senior Counsel for  
16 Clark Hill, to attend his planned August 1, 2016 meeting with Shauna Heuer. Tran  
17 practiced in the area of estates and trusts.

18           379. Tran attended the August 1 meeting. She received during that meeting a  
19 copy of Denny Chittick’s will, which identified Heuer as a beneficiary, trustee of  
20 certain children’s trusts, and executor.

21           ~~380. 377. During the August 1st meeting, Beauchamp agreed that Clark Hill~~  
22 ~~would represent DenSco, reporting to Heuer, and also represent Heuer in her capacity~~  
23 ~~as the~~ Tran agreed in that meeting to represent Heuer as personal representative of the  
24 Estate of Denny Chittick.

25           ~~378.—On August 2, 2016, Beauchamp and Clark Hill attorney Michelle Tran~~  
26 ~~met with Heuer.~~

27           ~~379.—On August 4, 2016, Clark Hill initiated a probate proceeding and~~  
28 ~~continued to act as counsel for the Estate of Chittick until August 12, 2016.~~

1           381. Clark Hill has produced in this litigation one of two pages of a “New  
2 Business Intake” form which reflects that on August 2, 2016, Tran approved a “conflict  
3 report” which appears to have been created that day.

4           382. The *only* parties identified in the conflict report were the Estate of Denny  
5 J. Chittick, which is identified as the client, and Heuer, who was identified as a “client  
6 affiliate.”

7           383. *No adverse or potential adverse parties were identified.*

8           384. Tran did not discuss with Heuer actual or potential conflicts of interest  
9 associated with Clark Hill undertaking that representation.

10          385. Beauchamp did not discuss with Heuer actual or potential conflicts of  
11 interest associated with Clark Hill undertaking that representation.

12          386. Tran did not discuss with Beauchamp actual or potential conflicts  
13 associated with Clark Hill undertaking that representation.

14          387. Beauchamp did not tell Tran of the work he had previously performed for  
15 DenSco, that he had “fired DenSco for failing to make the requisite disclosures to its  
16 investors,” as Beauchamp and Clark Hill now claim, or that he believed at the time,  
17 “given the situation, DenSco’s creditors might attempt to point the finger at DenSco’s  
18 professionals, including Clark Hill and David Beauchamp.”

19          388. On August 2, 2016, Tran met Heuer and had her sign an engagement  
20 letter.

21          389. Clark Hill and Beauchamp claim in their Sixth Supplemental Disclosure  
22 Statement that “Clark Hill undertook a very limited representation solely to open an  
23 estate and arrange for the appointment of Ms. Heuer as the personal representative of  
24 Mr. Chittick’s estate.”

25          390. But the engagement letter Tran prepared and Heuer signed did not in any  
26 way limit the scope of Clark Hill’s representation.

27          391. And when Tran sent Heuer an email on August 5, 2016 forwarding  
28 documents she had caused to be filed with the probate court, Tran stated that she was

1 “happy to help as you are addressing various assets of the Estate and I will work with  
2 David on the corporate issues.”

3 I. Beauchamp Caused Clark Hill to Simultaneously Serve as DenSco’s  
4 “Business Wind Down” Counsel and Heuer’s Counsel, Despite  
5 Unconsentable Conflicts, In an Attempt to Protect Himself, Clark  
6 Hill and the Chittick Estate from Potential Claims.

7 ~~392. 380.~~ Clark Hill should not have agreed to represent DenSco after  
8 ~~Chittick’s death and should have instead terminated the representation because Clark~~  
9 ~~Hill knew, based on its own conduct since September 2013 and knowledge of Chittick’s~~  
10 ~~conduct,~~ Clark Hill and Beauchamp should not have undertaken the role of DenSco’s  
11 “business wind down” counsel because they had an unconsentable conflict in serving in  
12 that role because they knew, as they have admitted in their Sixth Supplemental  
13 Disclosure Statement, that DenSco had potential claims against the firm.

14 ~~393. 381.~~ Clark Hill and Tran should not have agreed to represent ~~the Estate of~~  
15 ~~Chittick because Clark Hill knew, based on its knowledge of Chittick’s conduct, that~~  
16 ~~DenSco-Heuer, as personal representative of the Chittick Estate, because the firm knew,~~  
17 ~~through Beauchamp, that DenSco and its investors had substantial claims against~~  
18 ~~Chittick’s-the Estate for Chittick’s gross negligence in managing DenSco’s affairs.~~  
19 ~~Indeed~~ As described below, in this litigation Clark Hill has for a period of time  
20 Beauchamp took actions intended to benefit the Estate, on the apparent belief that doing  
21 so would protect himself and Clark Hill from claims by DenSco investors. Now,  
22 however, Clark Hill and Beauchamp have identified the Estate as a non-party at fault  
23 and seeks seek to blame Chittick for DenSco’s losses. Moreover, soon after his  
24 appointment, the Receiver filed a Notice of Claim in Probate Court against the Estate,  
25 based in part on Chittick’s gross mismanagement of DenSco and multiple breaches of  
26 fiduciary duties Chittick owed DenSco.

27 ~~394. 382.~~ A jury can assume that ~~Clark Hill agreed to continue representing~~  
28 ~~DenSco and jointly represent the Estate of Chittick because it saw those representations~~  
~~as a means to protect itself from liability. The~~ Beauchamp wanted Clark Hill to



1 represent DenSco and Heuer, despite obvious, unconsentable conflicts, because he  
2 thought he could protect himself and the firm from liability. Beauchamp and the firm's  
3 conduct during the months of August, September and October 2016 ~~provides~~ provide  
4 further evidence that ~~this was Clark Hill's objective.~~ Beauchamp and Clark Hill  
5 ignored conflicts, disregarded the interests of DenSco and its investors, and sought to  
6 advance their own interests.

7 **~~H. — Between August 1 and August 18, 2016, Clark Hill Effectively Ran~~**  
8 **~~DenSco's Day-to-Day Affairs.~~**

9 ~~383. — After Chittick's death, Beauchamp, in coordination with Heuer, managed~~  
10 ~~the day-to-day operations of DenSco until the Receiver was appointed on August 18,~~  
11 ~~2016.~~

12 ~~384. — Beauchamp opened a "Business Wind Down" file to which he charged his~~  
13 ~~time.~~

14 ~~385. During that time period, Beauchamp communicated with investors and~~  
15 ~~representatives of J. During the First Week That Beauchamp Served~~  
16 ~~as DenSco's "Business Wind Down" Attorney (August 1-5), He~~  
17 ~~Communicated with Investors and the Securities Division of the~~  
18 ~~Arizona Corporation Commission (the "ACC"), which investigated~~  
19 ~~securities law violations by DenSco and initiated on August 17, 2016 a~~  
20 ~~lawsuit alleging that DenSco had violated securities laws and sought the~~  
21 ~~appointment of a receiver.; He Did Not Share What He Learned in~~  
22 ~~January 2014 About Menaged's "Cousin" and the "Work Out" Plan~~  
23 ~~He Helped Develop.~~

24 ~~395. On August 3, 2016, Beauchamp was told by Koehler that DenSco's loan~~  
25 ~~portfolio had only about \$6 million of good loans, with a huge amount of bad and~~  
26 ~~troubled loans.~~

27 ~~386. — Although Clark Hill knew that as securities counsel to DenSco it faced~~  
28 ~~potential claims by the ACC, DenSco's receiver, and/or DenSco's investors, it~~  
continued to represent DenSco.

~~387. — Clark Hill authored several communications to DenSco's investors~~  
~~between August 1 and August 12, 2016 which failed to disclose information in Clark~~  
~~Hill's possession about Clark Hill's role as DenSco's securities counsel; Chittick's~~

1 ~~mismanagement of DenSco's lending practices; Chittick's decision to postpone the~~  
2 ~~issuance of a new POM while still selling promissory notes; Chittick's goals in~~  
3 ~~documenting the Forbearance Agreement; the actions Clark Hill had taken to assist~~  
4 ~~Chittick; and Clark Hill's negligent advice to Chittick about DenSco's continued~~  
5 ~~lending to Menaged.~~

6 ~~388. Clark Hill also failed to provide that information to the ACC.~~

7 ~~389. The investor communications Clark Hill drafted also suggested that~~  
8 ~~DenSco and its investors would not be well served if a receiver were appointed. For~~  
9 ~~example, in the first email Beauchamp sent to DenSco investors on August 3, 2016, he~~  
10 ~~wrote:~~

11 396. He spoke on the phone that day to Gary Clapper, Chief Investigator for  
12 the Securities Division of the Arizona Corporation Commission.

13 397. After that call, he sent an email to Heuer asking her to "call me when you  
14 are alone so we can talk. I just spent an hour on the phone with the enforcement people  
15 from the Arizona Corporation Commission – Securities Division. They have talked to  
16 several investors and we need to discuss the stories being circulated and what they are  
17 planning to do."

18 398. Beauchamp then drafted an email to DenSco's investors which he sent,  
19 after obtaining approval from Heuer.

20 399. ~~[[T]he~~ Beauchamp's email is telling for several reasons. First, he did not  
21 disclose what he learned in January 2014 about Chittick's grossly negligent practices  
22 and how he had worked closely with Chittick and Menaged on documenting their  
23 "work out" plan in the Forbearance Agreement. He instead stated that "the problem  
24 with DenSco's Troubled Loans developed over time and it will take some time to  
25 understand those Troubled Loans [and] how those loans came into existence...."

26 400. Second, on two occasions in his email, Beauchamp asserted that  
27 DenSco's investors would be best served if a receiver were not appointed.

28

1 If whoever is in charge of DenSco does not work with the Investors, then  
2 DenSco will either be put into bankruptcy or have a Receiver appointed, which  
3 will incur costs on behalf of the Investors and that will significantly reduce what  
4 will be available to return to the Investors. For example, *one of the recent  
5 reports concerning liquidation of companies owing money to investors  
6 indicated that the costs associated with a bankruptcy or a Receiver can reduce  
7 the amount to be paid to investors by almost half or even a much more  
8 significant reduction. . . .*

9 \*\*\*\*  
10 *[W]e would like to keep DenSco out of a protracted bankruptcy or a  
11 contentious Receivership proceeding.* As indicated above, various studies have  
12 shown that the third party costs and legal and other professional fees and costs  
13 and the inherent delays in bankruptcy and/or Receivership proceedings can  
14 consume more than 35% of the available money that should or would otherwise  
15 be available to be returned to Investors. (Emphasis added.)

16 **~~I. — Beginning on August 15, 2016, Clark Hill Sought to Conceal Its  
17 Negligence and the Assistance It Gave Chittiek in His Breach of  
18 Fiduciary Duties by Falsely Claiming It Had Terminated Its  
19 Representation of DenSco, and Continues to Claim, Without Any  
20 Supporting Records, That It Did So.~~**

21 ~~390. — During its investigation of potential securities law violations by DenSco,  
22 the ACC sought documents from Clark Hill about the firm’s work for DenSco.~~

23 ~~391. — It was during that investigation that Clark Hill claimed for the first time  
24 that it had terminated its representation of DenSco because Chittiek allegedly refused to  
25 follow the firm’s advice.~~

26 ~~392. — Clark Hill has made inconsistent claims about the alleged termination of  
27 its representation of DenSco since August 2016 and continues to claim that the  
28 termination occurred despite the absence of any records to support the claim, and  
29 records that are inconsistent with the claim.~~

30 401. On August 4, Beauchamp learned that investor Robert Brinkman was  
31 trying to get copies of one of the POMs Beauchamp had drafted for DenSco’s use in  
32 raising investor funds.

33 402. That same day, Beauchamp received a letter from Wendy Coy, Director  
34 of Enforcement for the ACC Securities Division, who wanted to schedule a meeting on  
35 August 10.

1           403. Beauchamp spoke to Coy on August 5, who told him the ACC would be  
2 issuing a subpoena for DenSco's records.

3           404. Beauchamp also authored and sent to DenSco's investors a second email  
4 status report. A portion of that report was devoted to discussing Menaged's bankruptcy  
5 and the status of assets that were supposed to have secured DenSco's loans to  
6 Menaged's entities. While Beauchamp's report made a passing reference to the  
7 Forbearance Agreement he had drafted, it did not reveal the double encumbrance  
8 problem that was disclosed to Beauchamp in January 2014 and that the Forbearance  
9 Agreement was part of Chittick's and Menaged's plan to work their way out of that  
10 problem.

11           405. Beauchamp took the opportunity to explain why he and his firm were not  
12 responsible for the apparent absence of a UCC-1 filing; he said it was Chittick's fault.

13           406. And Beauchamp said nothing about why DenSco had not issued a POM  
14 since July 2011 but had continued raising money from investors.

15           **K. During the Second Week That Beauchamp Served as DenSco's**  
16 **"Business Wind Down" Attorney (August 8-12) He Arranged for**  
17 **Beauchamp's Former Law Partners to Represent Heuer For Claims**  
18 **DenSco's Investors Might Bring, Began Colluding with Them to**  
19 **Protect Chittick's Estate, and Side-Stepped a Question From an**  
20 **Investor About Clark Hill's Conflicts of Interest.**

21           407. On Monday, August 8, Beauchamp received a document subpoena from  
22 the ACC which sought DenSco's corporate records.

23           408. In a phone call that day with Coy, Beauchamp learned that the ACC  
24 would be seeking the appointment of a Receiver and that it wanted some records  
25 produced at their planned meeting on Wednesday, August 10.

26           409. Coy also told Beauchamp that she had been contacted by an attorney who  
27 indicated he would be representing all of DenSco's investors going forward.

28           410. In an email exchange Beauchamp had that day with Heuer, he told her  
that he "talked to Kevin Merritt at Gammage & Burnham over the weekend to possibly  
represent you. His telephone # is 602-256-4481. He has an excellent reputation as a

1 business finance and workout attorney. I think he would be able to provide very good  
2 representation for you.” Beauchamp went on to say “[y]ou will need legal counsel to  
3 keep the aggressive attorneys at bay, which is why I talked to Kevin Merritt.”

4 411. As set forth above, Merritt was Beauchamp’s partner at Gammage &  
5 Burnham.

6 412. Beauchamp sent a separate email to Heuer that day forwarding the ACC  
7 subpoena. He noted that it “also asks for Denny’s financial records,” an apparent  
8 reference to Paragraph 3 of Exhibit A to the subpoena, which sought “[a]ll assets and  
9 liabilities currently held by or for the benefit of . . . Denny Chittick.” Beauchamp told  
10 Heuer he “will advise them that I am only authorized to accept a subpoena on behalf of  
11 Denny and not Denny’s Estate.”

12 413. On August 8, Beauchamp authored and sent another email report to  
13 DenSco’s investors.

14 414. On August 9, Beauchamp, who knew that the interests of Chittick’s Estate  
15 were adverse to those of the ACC and DenSco’s investors, and who was acting as  
16 DenSco’s counsel, had a number of telephone calls and emails with Merritt.  
17 Beauchamp’s notes reflect that Merritt would be “*representing Shawna + the Estate*  
18 *with respect to claims from DenSco investors.*” (Emphasis added.) Merritt told  
19 Beauchamp he had asked Gammage & Burnham partner Jim Polese to take part in that  
20 representation “since we both had extensive experience in the Mortgages Ltd debacle.”

21 415. Merritt and Beauchamp also discussed the ACC subpoena on August 9.  
22 Merritt was of the opinion that the subpoena “didn’t affect Shawna” in her capacity as  
23 personal representative of the Chittick Estate, because the subpoena only sought  
24 DenSco’s records.

25 416. That evening, Beauchamp authored and sent another email report to  
26 DenSco’s investors.

27 417. Later that evening, Beauchamp and Merritt exchanged emails. Merritt  
28 asked: “Since you are meeting with Wendy, for the moment it seems that you are still

1 representing DenSco in some capacity. While you have conflict issues, do you expect  
2 Clark Hill to have to resign from all representations, or do you think CH can continue to  
3 represent the estate, since your firm filed the probate? Or is that still being sorted  
4 through?"

5 418. Beauchamp responded: "The probate was filed right away under the  
6 original thought to have Shawna appointed Personal Representative (5 day wait period)  
7 and to let her control the DenSco stock. Then we found out the problems and have  
8 recommended that she pass on the DenSco stock. We will have to review and decide  
9 how to deal with the conflict issues."

10 419. Coincidentally, while Beauchamp was arranging for Merritt to represent  
11 Heuer and the Estate from claims by DenSco's investors – while Clark Hill was serving  
12 as DenSco's "business wind down" attorney and as Heuer's attorney in her capacity as  
13 personal representative of the Estate – Tran received a letter on August 9 from Scott  
14 Swinson, an attorney representing DenSco investor Rob Brinkman. His letter stated, in  
15 part that Brinkman had

16 forwarded to me the various e-mails regarding DenSco generated by Mr.  
17 Beauchamp. From some of the statements Mr. Beauchamp has made in his e-  
18 mails, it sounds as though your firm represented either Mr. Chittick and/or  
19 DenSco prior to Mr. Chittick's death.

20 If this is in fact the case, *I would appreciate a confirmation from your firm that*  
21 *you have considered the potential of a conflict of interest in your*  
22 *representation of the Chittick estate* and you determination [sic] that no conflict  
23 exists. (Emphasis added.)

24 The letter was accompanied by a request for notice directed to Ms. Tran in her capacity  
25 as counsel for Heuer as the personal representative of the Chittick estate.

26 420. Tran, after consulting with Beauchamp, sent an email to Swinson during  
27 the morning of August 10 which said, in part, "[w]e are in the process of addressing this  
28 concern," making clear that Clark Hill might continue representing Heuer. She  
29 suggested that Swinson file his request for notice "with the probate court so that

1 subsequent counsel for the Estate, if and when that change occurs, is aware of and  
2 bound by your demand as well.” (Emphasis added.)

3 421. Beauchamp sent that morning a letter to Coy regarding the ACC  
4 subpoena. His letter said, in part:

5 When we had talked previously, I had said that I would accept delivery of a  
6 Subpoena from your office to DenSco to get started in the record location and  
7 delivery process. However, I have not previously represented Denny Chittick  
8 and I do not have authority to accept the service of the Subpoena on Mr.  
9 Chittick or his Estate, so some of the items listed in the Subpoena (e.g. Denny  
10 Chittick’s personal tax records) are not within my control and I have forwarded  
11 the Subpoena to the Personal Representative for his Estate, Shawna Chittick  
12 Heuer. (Emphasis added.)

13 422. Beauchamp went on to say that Heuer would look for responsive  
14 documents but would not be able to produce any by the deadline to respond to the  
15 subpoena, which was that day.

16 423. Beauchamp noted that he was making arrangements to have 51 boxes of  
17 DenSco’s files transported to Clark Hill’s offices, which would then have to be  
18 reviewed, and that as a consequence, no documents could be produced that day.

19 424. Beauchamp’s notes from his meeting with Coy and Clapper that day  
20 reflect that he was told the ACC would be seeking the appointment of a receiver and  
21 had identified two possible receivers – Peter Davis and Jim Sell.

22 425. It does not appear from Beauchamp’s notes that he told Coy and Clapper  
23 during that meeting facts in his possession about Chittick’s lax lending practices, his  
24 role in drafting the Forbearance Agreement, and that DenSco was raising investor funds  
25 after the 2011 POM expired in July 2013 without issuing a new POM.

26 426. That evening, Beauchamp authored and sent to DenSco’s investors an  
27 email summary of the ACC meeting which stated in part, “we were able to provide the  
28 Securities Division a preliminary assessment of how the perceived fraud occurred and  
the timing of such fraud.” Just as he had failed to tell the ACC that day all relevant  
facts in his possession, Beauchamp did not share those facts with DenSco’s investors.

1           427. By focusing on Menaged's conduct, rather than Chittick's  
2 mismanagement of DenSco and his efforts to aid and abet Chittick, Beauchamp hoped  
3 to protect his interests and Clark Hill's, as well as those of the Chittick Estate.

4           428. The following day, August 11, Beauchamp received an email from  
5 investor Brinkman, who had through his attorney Scott Swinson just questioned  
6 whether Clark Hill and Beauchamp had a conflict of interest. Brinkman noted that the  
7 only POM in his possession was the 2007 POM and stated: "It is my understanding  
8 there is a more current POM dated July 1, 2009. Could you please confirm that is the  
9 more recent and forward a copy as well."

10           429. When he responded, Beauchamp did not answer Brinkman by telling him  
11 that DenSco had issued a POM in 2009 and that its last POM had been issued in July  
12 2011, both of which he had drafted. He instead said he did not have a copy of POMs  
13 issued after 2007 and blamed Chittick, stating that Chittick "did not elect to have those  
14 records forwarded to me" from Bryan Cave. In fact, Beauchamp had received Bryan  
15 Cave files in January 2014 which included the 2009 and 2011 POMs.

16           430. Beauchamp also took that day the first step toward implementing a  
17 scheme by Merritt and Polese – whom Beauchamp knew had been retained to protect  
18 the Estate from claims by DenSco's investors – to cloak DenSco's files in a false claim  
19 of privilege to delay the soon-to-be appointed Receiver from gaining access to them.

20           431. Beauchamp sent an email late in the day on August 11 to Clapper, copied  
21 to Coy, Merritt and Polese, which said, that he had just talked to Polese and Merritt  
22 and they "want us to follow a different procedure with respect to the DenSco  
23 documents." That procedure called for: (1) loan files previously delivered to the ACC  
24 by Koehler reviewed for privilege; (2) 51 boxes of DenSco corporate records, from  
25 2011 to the present, in Clark Hill's possession reviewed for privilege; (3) investor files  
26 at Chittick's home reviewed for privilege; and (4) Chittick's computer reviewed for  
27 privileged materials.

28



1           432. Beauchamp's email was copied to Mark Sifferman, a Clark Hill Assistant  
2 General Counsel resident in the firm's Scottsdale office.

3           433. On Friday, August 12, Beauchamp arranged for DenSco's corporate files  
4 to be transferred to Gammage & Burnham.

5           434. That same day, Polese sent a letter to Coy and Clapper, which referenced  
6 Beauchamp's email of the previous day and stated that Gammage & Burnham had  
7 "been retained as legal counsel for Ms. Shawna Heuer," the personal representative for  
8 the Chittick Estate," and "are replacing the firm of Clark Hill."

9           435. Polese asserted that DenSco's corporate records could not be delivered to  
10 the ACC on the timetable requested by the ACC "because the files must first be  
11 reviewed to protect against disclosure of *any attorney/client communication* or other  
12 privilege that belongs to either the company *or Mr. Chittick* and which now passes to  
13 the Estate." (Emphasis added.) He went on to say that Gammage & Burnham had  
14 "advised Clark Hill not to deliver any post-2011 documents to you."

15           436. Beauchamp was copied on the letter. He had sent Coy a letter only two  
16 days earlier which said that he "[had not previously represented Denny Chittick" but  
17 did not correct Polese's claim that DenSco's files contained privileged communication  
18 belonging to Chittick.

19           437. When Coy sent Polese an email asking if Gammage & Burnham  
20 represented DenSco, Polese replied, copying Beauchamp, that "Beauchamp remains as  
21 counsel for DenSco, if for no other reason than there is no mechanism in place to make  
22 any change."

23           438. Polese went on to state that "[t]he reason the estate has taken the lead with  
24 respect to compliance with the subpoena is that Mr. Beauchamp and Clark Hill find  
25 themselves in somewhat of an awkward position, given the wild allegations being  
26 made. Mr. Beauchamp is caught between continued representation and not wishing to  
27 be accused of acting in a way that compromises the company in any way, such as the  
28 loss of the attorney client privilege. Accordingly, whether this firm takes the lead or

1 Clark Hill, the procedures for review of the corporate records for attorney client  
2 privilege, the preparation of the privilege log and the delivery disks that contain the  
3 responsive documents of the corporation to the subpoena is going to be followed.”

4 439. Polese went on to state that the Estate would submit to the ACC a list of  
5 candidates to serve as Receiver that would be acceptable to the Estate.

6 440. In a responsive email, Coy noted that she had shared with Beauchamp  
7 two potential receiver candidates – Peter Davis and Jim Sell.

8 441. In a subsequent email to Coy, Polese wrote: “It remains our view at this  
9 point in time from what we have seen that DenSco and Chittick were the victims of a  
10 fraud, not the perpetrators.” Beauchamp responded in an email to Polese – “Good set  
11 of emails!”

12 442. While applauding Polese’s representation of the Estate and desire for the  
13 appointment of a Receiver the Estate preferred, and assisting his efforts to falsely claim  
14 a personal privilege over DenSco’s corporate records, Beauchamp continued drafting  
15 and sending emails to DenSco’s investors. He sent one on August 15, 2016, in which  
16 he wrote that “I am the only person who is still able to represent DenSco and the  
17 Investors to deal with the current issues.” He described the “current legal matters” for  
18 which he owed duties to DenSco and its investors as “responding to the Subpoena from  
19 the Securities Division, to finish the investigation of the AZ Department of Financial  
20 Institutions (“ADFI”) which is almost complete (with hopefully no fines being assessed  
21 against DenSco) and most importantly to protect and preserve any rights of DenSco in  
22 the Scott Menaged bankruptcy case.”

23 **L. During the Third Week That Beauchamp Served as DenSco’s**  
24 **“Business Wind Down” Attorney (August 15-19), He Made a False**  
25 **Statement to the ACC About Clark Hill’s Securities Work for**  
26 **DenSco, Falsely Claimed Clark Hill Had Resigned from Representing**  
27 **Heuer, and Gave a False Declaration Which Heuer’s Attorney Used**  
28 **to Obtain a Court Order Limiting the Receiver’s Access to DenSco’s**  
**Corporate Records**

1           443. ~~393. The claim was first made on August 15, 2016, when ACC~~  
2 ~~investigator Gary~~ On Monday, August 15, Clapper sent Beauchamp an email which  
3 stated, in part: “Can you please get a copy of the forbearance agreement. Since the  
4 offering document is updated every two years can you please get copies of all of them.”

5           444. ~~394.~~ Beauchamp responded: “I only have access to some of DenSco’s  
6 files. Despite my requests, Denny Chittick did not request for all of DenSco’s previous  
7 files to be transferred to me. In addition, *Denny stopped our efforts to do an updated*  
8 *offering memorandum in 2013*, so the initial work on that was never finished. Denny  
9 also *did not engage us to prepare an amendment to the offering document or to*  
10 *prepare a new disclosure document despite several conversations about that issue.*”

11 (Emphasis added.)

12           445. The underscored statements were false, as they conflict with the facts set  
13 forth above. Chittick did not stop Clark Hill’s efforts to prepare a POM in 2013. Clark  
14 Hill’s files reflect the firm did not perform any work on a POM in 2013; on  
15 December 18, 2013, Chittick asked about the status of the POM. If Beauchamp’s  
16 testimony is believed, the firm did not work on the POM because Chittick conditioned  
17 the opening of a file for a new POM on Beauchamp’s agreement that the firm would do  
18 no work on the POM. As for 2014, Beauchamp’s statement to Clapper is at odds with  
19 his and Clark Hill’s claim in their Initial Disclosure Statement that Beauchamp and  
20 Daniel Schenk prepared an “updated POM in April and May 2014.”

21           446. On the same day, Beauchamp responded to an email Tran had received  
22 from an individual who had contacted her as counsel to Heuer in her capacity as  
23 personal representative of the Estate. Beauchamp wrote: “Due to potential conflicts of  
24 interest, we have resigned as counsel to the Estate and new counsel has been appointed  
25 or is being appointed for the Estate.”

26           447. Beauchamp’s statement was false because Clark Hill did not send Heuer a  
27 letter or email stating it had resigned, nor did it close its file. Clark Hill continued  
28 doing work for Heuer and the Estate, and Beauchamp sent billing statements to Heuer

1 for that work on September 15 and October 20, 2016 and January 19, 2017. Gammage  
2 and Burnham filed a Notice of Appearance, rather than a Substitution of Counsel, in the  
3 probate court on August 18, 2016. *Clark Hill remained counsel of record for Heuer*  
4 *and the Estate until January 13, 2017.*

5 448. On August 15, Polese sent an email to Coy, copied to Beauchamp and  
6 others, which laid the groundwork for an argument Beauchamp knew to be false. He  
7 wrote:

8 Privilege: It is my view and that of Dave Beauchamp, *Denny viewed David as*  
9 *both his company attorney and his personal attorney.* Therefore both the  
10 receiver and the estate should be recognized to have standing to assert any  
11 attorney client privilege with respect to documents that were delivered to the  
12 State or which may be involved in any litigation. Thus the receiver must agree  
13 that the receiver will not have the ability to unilaterally waive privilege with  
14 respect to any matter which the estate believe is also a *personal privilege to*  
15 *Denny Chittick or the estate.* (Emphasis added.)

16 449. Beauchamp had sent Coy a letter only five days earlier which said that he  
17 “[had] not previously represented Denny Chittick” but did not correct Polese’s claim  
18 that DenSco’s files contained privileged communication belonging to Chittick.

19 450. On August 17, the ACC filed a Verified Complaint and a Motion for  
20 Expedited Hearing for Preliminary Injunction and Appointment of Receiver.

21 451. Beauchamp conferred that day by phone with Merritt who shared with  
22 him the Estate’s preference to have a receiver other than Peter Davis or Jim Sell  
23 appointed.

24 452. Beauchamp then had a call with Polese and Merritt, who sought from  
25 Beauchamp an affidavit or declaration they wanted to refute Coy’s argument that the  
26 receiver could waive DenSco’s attorney-client privilege. They told him they would  
27 send him a draft affidavit or declaration. Beauchamp’s notes state “needs to be  
28 reviewed by CH in-house General Counsel.”

453. Beauchamp received from Merritt that afternoon a declaration, which he  
revised in consultation with Clark Hill Assistant General Counsel Mark Sifferman and  
submitted to Merritt.

1       454. Beauchamp’s August 17 declaration falsely stated that Beauchamp  
2 understood that Chittick “considered that I was his counsel as well as counsel for  
3 DenSco.” Beauchamp admitted in the deposition he gave in this case that the statement  
4 was false.

5       455. The declaration, drafted by Beauchamp and revised and approved by  
6 Sifferman, and later filed in court, stated that “*fi* in late 2014 or 2015, I ended my  
7 formal relationship with Mr. Chittick and DenSco.” This was the first time  
8 Beauchamp claimed that his attorney-client relationship with DenSco had ended.

9       456. Polese and Merritt sought the declaration to support the Estate’s claim, in  
10 a document captioned “Recommendations Re Receiver and Attorney/Client Privilege”  
11 and filed with the Receivership Court, that “Chittick retained Beauchamp on behalf of  
12 both DenSco *and himself in his individual capacity.*” (Emphasis added.)

13       457. A hearing was held in the Receivership Court on August 18. Beauchamp  
14 and Sifferman attended the hearing.

15       458. During the hearing, Polese sought to persuade the Receivership Court to  
16 appoint a receiver other than the candidates proposed by the ACC, Peter Davis and Jim  
17 Sell. Polese had stated in email communications with Coy, copied to Beauchamp, that  
18 Davis was not acceptable to the Estate.

19       459. The Receivership Court appointed Davis to serve as DenSco’s Receiver.

20       460. During the hearing, Polese (i) stated that Beauchamp “was counsel for  
21 both the company and Mr. Chittick”; (ii) asserted that there was a “presumption . . . that  
22 any [privilege] would apply to both the Estate and the corporation”; and (iii) asked that  
23 any order appointing a receiver include an instruction that the receiver “cannot waive  
24 the attorney[-]client privilege with respect to the company, unless the Estate also  
25 agrees.”

26       461. Polese’s statement was false because Beauchamp told Coy eight days  
27 earlier that he “[had] not previously represented Denny Chittick” and nothing in Clark  
28 Hill’s files reflects that the firm ever represented Chittick individually. Indeed, Clark

1 Hill's engagement letter expressly disclaimed that representation and made clear that its  
2 only client was DenSco.

3 462. Neither Beauchamp nor Sifferman sought to correct Poleses's  
4 misstatement.

5 463. The Receivership Court granted the request and included the requested  
6 language in the Order Appointing Receiver.

7 464. As discussed below, the Estate's counsel used the Order to impede the  
8 Receiver's access to relevant information.

9 465. The Receiver later had to incur the time and expense of seeking an Order  
10 amending the Order Appointing Receiver to remove the language the Estate had sought  
11 and obtained.

12 466. On Friday, August 19, the Receiver's counsel Ryan Anderson contacted  
13 Beauchamp by telephone, as a first step to obtaining relevant DenSco records in Clark  
14 Hill's possession, custody or control.

15 **M. Despite the Receiver's Appointment, Beauchamp Continued to Act as**  
16 **DenSco's Counsel and Continued to Collude with Attorneys for the**  
17 **Estate, All While Clark Hill Was Counsel of Record to the Estate.**

18 467. On August 20, Anderson sent an email to Beauchamp to which the  
19 Receivership Order was attached. Anderson noted that the Receiver "has been advised  
20 that certain records of DenSco are in your possession," and sought, pursuant to the  
21 Receivership Order, to obtain those records.

22 468. Beauchamp responded by email that day, noting that the bulk of the  
23 DenSco records he had received had been transferred to Gammage & Burnham for a  
24 privilege review.

25 469. That same day, Beauchamp received an email from Brinkman, who was  
26 responding to Beauchamp's August 11 email in which Beauchamp had failed to answer  
27 Brinkman's question about whether the 2007 POM was the most recent POM.  
28 Brinkman forwarded an excerpt from Chittick's July 19, 2011 email to DenSco

1 investors, copied to Beauchamp, in which Chittick stated that he updated the POM  
2 every two years “work[ing] with David Beauchamp (securities attorney).” Brinkman  
3 noted that he had received a 2011 POM through that email and asked “if there was a  
4 POM for 2013 and 2015 or if 2011 was the last POM?”

5 470. This appears to be the first time Beauchamp was questioned by an  
6 investor about his role as securities counsel for DenSco and the first time he was  
7 asked to explain why DenSco had not issued the 2013 POM Clark Hill had been  
8 retained in September 2013 to prepare.

9 471. Five days earlier Beauchamp had told Clapper “Denny stopped our  
10 efforts to do an updated offering memorandum in 2013, so the initial work on that was  
11 never finished. Denny also did not engage us to prepare an amendment to the  
12 offering document or to prepare a new disclosure document despite several  
13 conversations about that issue.” (Emphasis added.)

14 472. ~~395. In an August 17, 2016 declaration, Beauchamp stated~~ Three days  
15 early, Beauchamp stated under penalty of perjury in his August 17 declaration that “[i]n  
16 late 2014 or 2015, I ended my formal relationship with Mr. Chittick and DenSco.”

17 473. ~~396. In an August 21, 2016 email to DenSco investor Rob~~ responding to  
18 Brinkman, Beauchamp ~~first~~ changed his story. He wrote that: “~~my~~ My law firm started  
19 preparing the 2013 POM, but we were put on hold. After the Forbearance Agreement  
20 was signed by Scott Menaged, we started to amend the 2013 draft POM, but we  
21 stopped and withdrew as securities counsel for DenSco. Denny was supposed to get  
22 other counsel and finish the POM in 2014, but I do not know if that did happen.”

23 (Emphasis added.) ~~In a follow-up email to Brinkman, he wrote that “[t]he 2013 POM~~  
24 ~~was never finalized due to attorney-client protected issues that I have been instructed~~  
25 ~~not to discuss.” (Emphasis added.)~~

26 474. In an email sent on August 21, Brinkman asked Beauchamp to “explain  
27 the details and provide a copy of the Forbearance Agreement signed by Scott Menaged  
28 that you reference in your email.” He also asked for a copy of the 2009 POM.

1           475. Beauchamp responded by email that same day, ducking Brinkman's  
2 questions and requests by saying he had been "advised that the Receiver had taken over  
3 [from him] the responsibility to provide all of the information to the Investors" and that  
4 his "records and what I have from DenSco are boxed up to be provided to the  
5 Receiver."

6           476. Brinkman persisted, saying in an August 21 email that he assumed  
7 Beauchamp had a copy of the 2009 POM he could send by email and had "asked for  
8 specifics to be provided of the Forbearance Agreement with Menaged, which you  
9 reference in your earlier email. You did not provide nor address my request for such an  
10 Agreement. I find it hard to believe that your firm doesn't have electronic copies of  
11 these agreements."

12           477. When he responded by email that day, Beauchamp told Brinkman that  
13 "[t]he 2013 POM was never finished due to attorney client protected issues that I have  
14 been instructed not to discuss." Those instructions presumably came from Clark Hill's  
15 general counsel.

16           478. On Monday, August 22, Anderson wrote Beauchamp an email. He and  
17 others working with the Receiver were trying to gather information as quickly as  
18 possible to understand and evaluate DenSco's operating history and its current financial  
19 condition. He noted that a letter Chittick had sent to Koehler referenced a letter  
20 Chittick had sent to Beauchamp and asked Beauchamp for a copy.

21           479. Beauchamp responded by email later that day, copying Merritt. He wrote  
22 that he had not received a letter from Chittick, but disclosed the existence of what is  
23 described as the Iggy Letter, which Beauchamp received on August 1 or 2 from Heuer,  
24 Beauchamp wrote:

25           I have been advised to discuss any request to share this letter with Kevin Merritt  
26 before I share any portion with anyone. I believe that a portion of the letter is  
27 not applicable to anyone except his sister as his Estate's Personal Representative  
28 but there is a portion that is applicable to DenSco. Unfortunately, the DenSco  
portion does not go into the detail that I had hoped would fully explain the  
situation with Auction.com and Scot Menaged. *The DenSco portion also*  
*includes incorrect statements and references as to the legal advice that I had*



1 provided to him and fails to properly reference why I was not providing any  
2 further securities advice to him and DenSco. (Emphasis added.)

3 Please let me discuss with Kevin Merritt and we will get back to you.

4 480. On August 23, Anderson sent an email to Polese, Merritt and Beauchamp,  
5 which noted that the Receiver was “working very hard to devise and implement a  
6 comprehensive strategy to maximize recoveries for the investor victims.” He noted that  
7 the Receiver sought “a concise representation from Mr. Chittick [or anyone] that sets  
8 forth the allegations underlying the fraud scheme perpetrated on DenSco.” He  
9 reiterated his request to Beauchamp for the Iggy Letter.

10 481. Polese responded by email that day, copying Beauchamp. He attached  
11 two copies of the Investor Letter. In one, “some references to specific conversations  
12 with Mr. Beauchamp and advice rendered” had been redacted as attorney-client  
13 privilege communications. Polese stated that his firm was “still engaged in researching  
14 whether any other privilege might attach to this document and deliver it to you with the  
15 understanding that it will be for the receiver’s eyes only and that it will not be  
16 disseminated to third parties including investors or their counsel” until that research had  
17 been concluded. “Even then, we assume and remit these documents on the express  
18 understanding that while the receiver may take a broader view on the attorney-client  
19 privilege . . . he cannot take a narrower one and thus the only version that could be  
20 disseminated to a third party would be the redacted version with at least these  
21 redactions, absent a ruling from the court otherwise.” He did not produce the Iggy  
22 Letter.

23 482. Anderson responded to Polese that day, copying Beauchamp. He stated  
24 that the Receiver would accept Polese’s stated conditions with respect to the Investor  
25 Letter, but noted that “[a] review of the document begs this question, is there another  
26 letter out there?”

27 483. On August 24, Polese sent an email to Anderson, copied to Beauchamp,  
28 acknowledging the existence of the Iggy Letter, but claiming it contained information

1 that was “personal to [Chittick] and do not involve the Corporation,” other than one  
2 paragraph which mentioned Menaged.

3 484. On August 26, Polese sent Beauchamp a draft email he planned to send to  
4 Anderson regarding the Estate’s decision to deliver certain information to the Receiver,  
5 including a recording Chittick had made of a conversation with Menaged. He noted  
6 that “[w]e agonized whether to voluntarily disclose this recording because it clearly  
7 deals with Denny’s personal concern of lawsuit, etc. against him personally” but “the  
8 decision was made on balance with the consent of our client to release this to the  
9 receiver rather than wait for formal discovery.”

10 485. Beauchamp responded that he thought “this is a good email” and offered  
11 additional points to make in it.

12 486. Beauchamp had a telephone call that day with Polese and Merritt in which  
13 they shared with Beauchamp a detailed summary of their meeting the previous day with  
14 the Receiver and Anderson. Beauchamp’s notes reflect that they discussed Chittick’s  
15 written statements in the Investor Letter regarding Beauchamp’s role as DenSco’s  
16 counsel and that Polese intended to provide “info. to Receiver so the Estate is not  
17 deemed a target.”

18 487. On August 29, Anderson sent a letter to Beauchamp asking Clark Hill to  
19 produce “your firm’s entire file concerning its representation of DenSco.”

20 488. Beauchamp forwarded Anderson’s letter to Polese and Merritt.

21 489. On August 30, Merritt sent an email to Anderson, copied to Beauchamp,  
22 which said, in part, that while the Estate did not object to the Receiver’s request for  
23 Clark Hill’s files, “I would like to remind everyone that David testified at the  
24 receivership hearing that he concurrently represented both DenSco and Denny Chittick  
25 personally, and I believe the Court’s order acknowledges as much.”

26 490. Beauchamp, who was copied on the email and knew that he and Clark  
27 Hill had never “represented . . . Denny Chittick personally” did not correct Merritt. He  
28 was silent.

1           491. Merritt used the false assertion of a “concurrent” representation of  
2 DenSco and Chittick personally to demand that the Estate receive Clark Hill’s entire  
3 file.

4           492. Merritt went on to remind Anderson that the Receiver could not waive the  
5 attorney-client privilege without the Estate’s consent.

6           493. Beauchamp’s notes reflect that he had a telephone call with Merritt that  
7 day to discuss these points.

8           494. On September 2, 2016, Polese sent Anderson and Beauchamp a draft  
9 “common interest” agreement between the Estate, DenSco and the Receiver, which  
10 Polese assumed Beauchamp could sign for DenSco.

11           495. The proposed common interest agreement was intended to protect the  
12 Estate, DenSco, Clark Hill, and Beauchamp from “third parties, including but not  
13 necessarily limited to DenSco Investors,” who might assert claims.

14           496. It rested, in part, on the false statement that “there exists a large overlap of  
15 attorney-client privilege with respect to the activities involving Chittick personally and  
16 those of DenSco and the representation of Clark Hill as counsel for both.”

17           497. Beauchamp, who knew the foregoing representation was false, said  
18 nothing.

19           498. On September 12, Beauchamp sent an email to Sara Beretta, a  
20 representative of the Receiver, stating that Clark Hill’s files would be turned over to the  
21 Receiver “as soon as the files are reviewed by Gammage & Burnham as requested by  
22 Kevin Merritt,” stating that his request was “consistent with the hand-written notation  
23 by the Judge in the Judge’s order appointing the receiver.”

24           499. When Merritt responded that he “was not aware you were waiting on  
25 anything from me,” Beauchamp acknowledged that his email to Ms. Beratta was not  
26 accurate, stating: “I was not really waiting for you. I just received instructions on  
27 Friday from my firm’s General Counsel.”

28

1        500.    On September 14, 2016, Beauchamp sent an email to Merritt, asking to  
2 have a call before a planned “conference call with Peter Davis at 4:00 today. He will  
3 probably have Ryan [Anderson] on the call with me to discuss why I have not yet sent  
4 over all of the files.”

5        501.    Merritt forwarded to Beauchamp his August 30 email to Anderson in  
6 which Merritt had falsely claimed a “concurrent” privilege.

7        502.    On September 15, 2016, Beauchamp sent an invoice to the Receiver  
8 seeking approximately \$74,000 from DenSco for “business wind down” services Clark  
9 Hill provided during August 2016.

10       503.    On September 16, 2016, Anderson sent Beauchamp a letter noting that  
11 Clark Hill had not responded to his August 29 letter request for all of its files relating to  
12 its representation of DenSco. He made “a demand for the immediate turnover” of Clark  
13 Hill’s files. His letter concluded: “If it was not apparent in past communications from  
14 the Receiver, please accept this letter as a confirmation that your law firm’s legal  
15 services are not required by the Receiver or DenSco.”

16       504.    Anderson also sent an email that day to Polese, copied to Beauchamp. It  
17 (1) stated that the Receiver declined to pursue the proposed common interest  
18 agreement; (2) asserted that there was not, in fact, a “personal privilege,” and (3) asked  
19 for clarification on the Estate’s claim of a “personal” privilege. With respect to the  
20 latter point, Anderson noted that Beauchamp was copied on the email “and can  
21 elaborate or clarify as necessary.”

22       505.    Polese responded that he was inclined to “advise our client to instruct  
23 David to turn over all [Clark Hill] files to the Receiver” and “treat it as privileged as to  
24 both.”

25       506.    Beauchamp did not respond to the email.

26       507.    Through a September 23 email to Anderson, Merritt reasserted the  
27 Estate’s “concurrent representation” claim but stated that the Estate had no objection to  
28 Clark Hill delivering its files to the Receiver.

1           508. On October 7, Anderson sent Beauchamp an email asking about the status  
2 of Clark Hill’s production of its files to the Receiver, noting he would take up the issue  
3 with the Receivership Court if the files were not timely received.

4           509. Before October 13, 2016, Sifferman personally reviewed Clark Hill’s  
5 files. He testified that he did not see any records reflecting that Clark Hill had ever  
6 represented Chittick personally.

7           510. On October 13, 2016, Sifferman sent a letter to Anderson identifying six  
8 boxes of files Clark Hill was producing to the Receiver.

9           511. After finally receiving Clark Hill’s files, the Receiver discovered critical  
10 documents, such as the Iggy Letter, that the Estate had sought to prevent the Receiver  
11 from obtaining under a false claim of personal privilege. The last letter contained  
12 information that was material to claims the Receiver later brought against the Estate of  
13 Chittick. Without the document being provided at the inception of the Receivership  
14 proceeding, the Receiver had been required to devote substantial resources to  
15 independently discovering information contained in the Iggy Letter.

16           **N. Beauchamp and Clark Hill Have Continued to Falsely Claim That**  
17 **the Firm Terminated Its Representation of DenSco.**

18           512. After telling the Receivership Court that his representation of DenSco  
19 ended in late 2014 or early 2015, and then telling Brinkman the representation had  
20 ended on an unspecified date in 2014, Beauchamp continued to change his story.

21           513. ~~397.~~In a February 8, 2017 email to ~~the Receiver’s counsel~~Anderson,  
22 Beauchamp made the following unsolicited statement: “Please note that my previous  
23 reference to ‘securities work’ was for work done PRIOR to when *my firm terminated*  
24 *doing any securities or other legal work for DenSco when Denny Chittick refused to*  
25 *send the amended Private Offering Memorandum to his investors.* The amended  
26 Private Offering Memorandum that we wanted to be sent described the Forbearance  
27 Agreement and the changes to the lending criteria and security ratios that DenSco was  
28

1 to follow when making its loans to Borrowers. *I believe that we terminated our*  
2 *representation in approximately July 2014.*” (Emphasis added.)

3 514. ~~398.~~Clark Hill and Beauchamp now ~~claims-claim~~ that the firm terminated  
4 the representation in May 2014, stating in Defendants’ initial disclosure statement (at  
5 15) that

6 Mr. Chittick . . . refused to provide the necessary information to complete the  
7 POM and refused to approve the description of the workout or the double lien  
8 issue. . . .

9 *In May 2014*, Mr. Beauchamp handed Mr. Chittick a physical copy of the draft  
10 POM and asked him what Mr. Chittick’s specific issues were with the  
11 disclosure. Mr. Chittick responded that there was nothing wrong with the  
12 disclosure, he was simply not ready to make any kind of disclosures to his  
13 investors at this stage. Mr. Beauchamp again explained that Mr. Chittick had no  
14 choice in the matter and that he had a fiduciary duty to his investors to make  
15 these disclosures. Mr. Chittick would not budge. *Faced with an intransigent*  
16 *client who was now acting contrary to the advice Mr. Beauchamp was*  
17 *providing, and with concerns that Mr. Chittick may not have been providing*  
18 *any disclosures to anyone since January 2014, Mr. Beauchamp informed Mr.*  
19 *Chittick that Beauchamp and Clark Hill could not and would not represent*  
20 *DenSco any longer.* Mr. Beauchamp also told Chittick that he would need to  
21 retain new securities counsel, not only to provide the proper disclosure to  
22 DenSco’s investors, but to protect DenSco’s rights under the forbearance  
23 agreement. Mr. Chittick suggested that he ~~has~~had already started that process  
24 and was speaking with someone else.

17 515. ~~399.~~But there is not a single document in Clark Hill’s file to support this  
18 claim, such as a termination letter that law firms commonly send when ending a client  
19 relationship and especially when a law firm believes a client is disregarding advice  
20 given by the firm.

21 516. ~~400.~~The absence of *any* handwritten notes by Beauchamp about the  
22 alleged termination of the representation is particularly telling, since by Beauchamp’s  
23 own admission, his consistent practice was to “write up” notes after every meeting or  
24 call with Chittick. The evidence of that practice is in a March 12, 2014 email to  
25 Chittick, in which Beauchamp wrote: “Since I was driving to a meeting with another  
26 client, *I did not get a chance to write up my notes after our call, as I usually do.*”  
27 (Emphasis added.)

28

1            517. ~~401.~~ Moreover, Clark Hill makes this claim despite numerous documents  
2 in its files reflecting that Clark Hill never terminated the representation and continued  
3 to represent DenSco after May 2014. Those documents include:

4            a. Documents generated in June 2014 which reflected work Clark  
5 Hill performed to amend the Forbearance Agreement and correct errors the firm  
6 had made when the Forbearance Agreement was signed in April 2014. Chittick  
7 and Menaged signed those documents on June 18, 2014.

8            b. In May, June, July and August 2014, Beauchamp sent Chittick  
9 billing statements for work performed for DenSco through transmittal letters that  
10 stated: “Thank you again for allowing Clark Hill and me to provide legal  
11 services to DenSco Investment Corporation. If you have any question or if we  
12 can assist you with any other matter(s), please let me know.”

13            c. As noted above, when Chittick asked Clark Hill to respond to the  
14 ADFI inquiry in March 2016, Beauchamp billed his time to the “General” matter  
15 Clark Hill had established in January 2014.

16            d. As noted above, Beauchamp told his office managing partner on  
17 July 30, 2016 that he was not aware of any irregularities in DenSco’s practices  
18 and said nothing about having terminated DenSco.

19            ~~de.~~ As noted above, after Chittick’s death, Beauchamp billed his time  
20 to the “Business Matters” file Clark Hill had established in January 2014.

21            ~~ef.~~ On June 22, 2017, approximately six months before this lawsuit  
22 was filed, Clark Hill submitted two proofs of claim to the Receiver, seeking  
23 \$53,820.00 for work performed between June 1, 2016 and August 17, 2016, and  
24 \$23,046.00 for work performed between August 18, 2016 and September 30,  
25 2016. Clark Hill claimed in an accompanying affidavit that “*[i]n 2016 and*  
26 *earlier, the Firm represented DenSco Investment Corporation,*” providing  
27 “general business advice and representation,” and that “[a]fter the death of  
28 DenSco’s principal, in July 2016, the Firm transitioned the subject matter of its

1 work to advice and guidance to DenSco to assist in winding down its business.”  
2 (Emphasis added.) Clark Hill did not claim then that it had terminated its  
3 representation of DenSco at any previous time.

4 518. ~~402.~~In claiming that Clark Hill had, in fact, terminated its representation  
5 of DenSco in May 2014 – a claim verified by Clark Hill’s General Counsel – Clark Hill  
6 concealed material information it should have disclosed pursuant to Rule 26.1. It was  
7 only after the Receiver’s counsel served written discovery on Clark Hill that Clark Hill  
8 admitted that it was not until May 2018 – *after* receiving the Receiver’s written  
9 discovery – that Clark Hill closed the files it had opened in September 2013 to prepare  
10 a new POM and in January 2014 for the “lien workout.” The files established for  
11 DenSco’s “General” and “Business Matters” were never closed and remain open.

12 ~~**J. — Clark Hill Colluded With the Estate of Chittick to Prevent the**~~  
13 ~~**Receiver From Obtaining Material Information.**~~

14 ~~403. — Clark Hill did not internally consider the conflicts created by its joint~~  
15 ~~representation of DenSco and the Chittick Estate until an investor raised the issue on~~  
16 ~~August 10, 2016.~~

17 ~~404. — Clark Hill then referred Heuer to lawyers whom Clark Hill believed~~  
18 ~~would aggressively protect the Estate from potential claims by investors and the~~  
19 ~~Receiver — Beauchamp’s former colleagues at Gammage & Burnham: James Polese and~~  
20 ~~Kevin Merritt.~~

21 ~~405. — Clark Hill then began colluding with Gammage & Burnham to protect the~~  
22 ~~Chittick Estate and Clark Hill from the Receiver.~~

23 ~~406. — Among other evidence of such collusion are emails exchanged between Polese,~~  
24 ~~Merritt and Beauchamp about seeking the appointment of a receiver other than the~~  
25 ~~Receiver.~~

26 ~~407. — Moreover, shortly before the August 18, 2016 hearing at which the Receiver was~~  
27 ~~appointed, Beauchamp, with the assistance and approval of Clark Hill’s Assistant~~  
28 ~~General Counsel, prepared a declaration for the Estate to submit to the Receivership~~



1 ~~Court which Beauchamp has since acknowledged falsely stated that Clark Hill had~~  
2 ~~jointly represented DenSeco and Chittick individually.~~

3 ~~408.—During the August 18, 2016 hearing, neither Beauchamp nor Clark Hill’s~~  
4 ~~Assistant General Counsel corrected false statements by the Estate’s counsel to the~~  
5 ~~effect that Clark Hill had jointly represented DenSeco and Chittick personally.~~

6 ~~409.—That claim was integral to the Estate’s successful effort to obtain~~  
7 ~~language in the Order appointing the Receiver which recognized the existence of the~~  
8 ~~spurious joint representation claim and materially limited the Receiver’s ability to~~  
9 ~~promptly and efficiently obtain relevant records from Clark Hill’s files.~~

10 ~~10.—The Estate and Clark Hill used the Order as an excuse to decline to provide the~~  
11 ~~Receiver with immediate access to relevant records, such as the Iggy Letter, and to~~  
12 ~~“slow walk” Clark Hill’s production of its files to the Receiver.~~

13 ~~411.—The Receiver’s counsel sent a letter demanding the immediate production~~  
14 ~~of the files on August 29, 2016. Clark Hill did not produce them until October 13,~~  
15 ~~2016, and only after making multiple demands. During this time period, Clark Hill’s~~  
16 ~~Office of General Counsel was actively involved and directed the firm’s response to the~~  
17 ~~Receiver’s demands.~~

18 ~~12.—In the interim, Clark Hill and the Estate continued using the false claim that~~  
19 ~~Clark Hill had jointly represented DenSeco and Chittick personally to delay providing~~  
20 ~~relevant information to the Receiver.~~

21 ~~13.—The Estate also proposed, with Clark Hill’s implicit consent, a “common~~  
22 ~~interest” agreement between the Estate, DenSeco (represented by Clark Hill) and the~~  
23 ~~Receiver, which falsely stated that because of the alleged joint representation by Clark~~  
24 ~~Hill of DenSeco and Chittick personally, the Estate, DenSeco and the Receiver had a~~  
25 ~~common interest in defending lawsuits that investors might pursue.~~

26 ~~14.—After finally receiving Clark Hill’s files in October 2016, the Receiver~~  
27 ~~discovered critical documents, such as the Iggy Letter, that the Estate had sought to~~  
28 ~~prevent the Receiver from obtaining under a claim of personal privilege. That~~

1 ~~document~~ contained information that was material to claims the Receiver later brought  
2 against the Estate of Chittick. Without the document, the Receiver had been required to  
3 devote substantial resources to independently discovering information contained in the  
4 ~~Iggy Letter.~~

5 **KO. Actions Taken by the Receiver**

6 519. ~~415.~~ After his appointment, the Receiver took possession of and analyzed  
7 DenSco's books and records, issuing a preliminary report on September 19, 2016,  
8 which the Receiver incorporates by reference in this disclosure statement.

9 520. ~~416.~~ On December 9, 2016, the Receiver filed a notice of claim in the  
10 probate court against the Estate of Denny Chittick, asserting, inter alia, claims that  
11 Chittick had breached fiduciary duties owed DenSco.

12 521. ~~417.~~ The Estate issued a notice of disallowance of the claim on February  
13 3, 2017.

14 522. ~~418.~~ On December 23, 2016, the Receiver issued a status report, which the  
15 Receiver incorporates by reference in this disclosure statement. That report contains,  
16 among other things, the Receiver's conclusion that DenSco was insolvent in January  
17 2014.

18 523. ~~419.~~ The Receiver monitored and took part in a bankruptcy proceeding  
19 that Menaged initiated. Among other things, the Receiver's counsel conducted an  
20 examination of Menaged, and the Receiver filed an adversary complaint and a  
21 complaint to determine nondischargeability, and obtained a judgment against Menaged.

22 524. ~~420.~~ On June 22, 2017, Clark Hill submitted two proofs of claim to the  
23 Receiver, which are discussed ~~above~~below.

24 525. ~~421.~~ On September 14, 2017, the Receiver filed a petition with the  
25 Receivership Court seeking to file this action. The petition was granted on October 10,  
26 2017.

1 have knowledge of his communications with Mr. Chittick, his investments in DenSco,  
2 and his communications with Mr. Beauchamp after Mr. Chittick's death.

3           112. **Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;  
4 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have  
5 knowledge of his communications with Mr. Chittick, his investments in DenSco, and  
6 his communications with Mr. Beauchamp after Mr. Chittick's death.

7           **C. DenSco Borrowers and Persons Affiliated With Them**

8           1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso  
9 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

10           2. **Veronica Castro** (~~contact information to be added~~ [RRM Phoenix,](#)  
11 [230 N. First Avenue, Suite 405, Phoenix, AZ 85003](#)): Ms. Castro was Scott  
12 Menaged's assistant and has knowledge of deeds, mortgages and other instruments  
13 signed by Menaged during 2013 that she notarized.

14           3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central  
15 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney  
16 who represented Scott Menaged in connection with the Term Sheet and Forbearance  
17 Agreement. He is believed to have knowledge of those agreements and his  
18 communications with Mr. Beauchamp regarding them.

19           4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,  
20 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who  
21 represented Scott Menaged in a bankruptcy proceeding. He is believed to have  
22 knowledge of that proceeding and of his communications with Mr. Beauchamp relating  
23 to that proceeding.

24           5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,  
25 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his  
26 dealings with Mr. Chittick and Mr. Beauchamp.

27           **D. Current or Former Clark Hill Attorneys and Employees**

28

1 On December 8, 2017, Mr. Menaged was interviewed by Ken Frakes, Special  
2 Counsel to the Receiver, before a court reporter. Mr. Frakes is believed to be the  
3 custodian of the transcript of that interview.

4 6. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800  
5 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz gave  
6 an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He is  
7 believed to be the custodian of the original affidavit.

8 7. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC,  
9 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.  
10 Schenck gave a deposition in this case, the original transcript of which is in the  
11 possession of the Receiver's counsel.

12 8. **Steve Bunger** (6134 W. Trovita Place, Chandler, AZ 85226): Mr.  
13 Bunger gave a deposition in this case, the original transcript of which is in the  
14 possession of Clark Hill's counsel.

15 9. **Anthony Burdett**: Mr. Burdett gave a deposition in this case, the  
16 original transcript of which is in the possession of Clark Hill's counsel.

17 10. **Warren Bush**: Mr. Bush gave a deposition in this case, the original  
18 transcript of which is in the possession of Clark Hill's counsel.

19 11. **Ranasha Chittick**: Ms. Chittick gave a deposition in this case, the  
20 original transcript of which is in the possession of Clark Hill's counsel.

21 ~~12. **Tony Crabill**: Mr. Crabill gave a deposition in this case, the~~  
22 ~~original transcript of which is in the possession of Clark Hill's counsel.~~

23 12.

24 13. **Dori Ann Davis**: Ms. Davis gave a deposition in this case, the original  
25 transcript of which is in the possession of Clark Hill's counsel.

26 14. **Peter Davis**: Mr. Davis gave a deposition in this case, the original  
27 transcript of which is in the possession of Clark Hill's counsel.

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1           15.       **Russell Dupper:** Mr. Duper gave a deposition in this case, the original  
2 transcript of which is in the possession of Clark Hill's counsel.

3           16.       **Victor Gojcaj:** Mr. Gojcaj gave a deposition in this case, the original  
4 transcript of which is in the possession of Clark Hill's counsel.

5           17.       **Scott Gould:** Mr. Gould gave a deposition in this case, the original  
6 transcript of which is in the possession of Clark Hill's counsel.

7           ~~18.       **Ralph Hey:** Mr. Hey gave a deposition in this case, the original  
8 transcript of which is in the possession of Clark Hill's counsel.~~

9           ~~19.       **Dale Hickman:** Mr. Hickman gave a deposition in this case,  
10 the original transcript of which is in the possession of Clark Hill's counsel.~~

11           18.       **20.Ed Hood:** Mr. Hood gave a deposition in this case, the original  
12 transcript of which is in the possession of the Receiver's counsel.

13           ~~21.       **Chris Hughes:** Mr. Hughes gave a deposition in this case, the  
14 original transcript of which is in the possession of Clark Hill's counsel.~~

15           19.       **22.Brian Imdieke:** Mr. Imdieke gave a deposition in this case, the  
16 original transcript of which is in the possession of Clark Hill's counsel.

17           20.       **23.Paul Kent:** Mr. Kent gave a deposition in this case, the original  
18 transcript of which is in the possession of Clark Hill's counsel.

19           21.       **24.Robert Koehler:** Mr. Koehler gave a deposition in this case, the  
20 original transcript of which is in the possession of Clark Hill's counsel.

21           22.       **25.Barry Luchtel:** Mr. Luchtel gave a deposition in this case, the  
22 original transcript of which is in the possession of Clark Hill's counsel.

23           23.       **26.Patricia Miller:** Ms. Miller gave a deposition in this case, the  
24 original transcript of which is in the possession of Clark Hill's counsel.

25           24.       **27.Kevin Olson:** Mr. Crabill gave a deposition in this case, the original  
26 transcript of which is in the possession of Clark Hill's counsel.

27           25.       **28.John Ray:** Mr. Ray gave a deposition in this case, the original  
28 transcript of which is in the possession of Clark Hill's counsel.

1           26.       ~~29.~~**Gregg Reichman:** Mr. Reichman gave a deposition in this case, the  
2 original transcript of which is in the possession of Clark Hill's counsel.

3           27.       ~~30.~~**Scott Rhodes:** Mr. Rhodes gave a deposition in this case, the  
4 original transcript of which is in the possession of Clark Hill's counsel.

5           28.       ~~31.~~**GE Siegford:** Mr. Siegford gave a deposition in this case, the  
6 original transcript of which is in the possession of Clark Hill's counsel.

7           29.       ~~32.~~**Mark Sifferman:** Mr. Sifferman gave a deposition in this case, the  
8 original transcript of which is in the possession of the Receiver's counsel.

9           ~~33.~~**Thomas Smith: Mr. Smith** gave a deposition in this case, the original  
10 transcript of which is in the possession of Clark Hill's counsel.

11          30.       ~~34.~~**William Swirtz:** Mr. Swirtz gave a deposition in this case, the  
12 original transcript of which is in the possession of Clark Hill's counsel.

13          31.       ~~35.~~**Coralee Thompson:** Ms. Thompson gave a deposition in this case,  
14 the original transcript of which is in the possession of Clark Hill's counsel.

15          32.       ~~36.~~**Steven Tuttle:** Mr. Tuttle gave a deposition in this case, the original  
16 transcript of which is in the possession of Clark Hill's counsel.

17          33.       Kevin Potempa: Mr. Potempa gave a deposition in this case, the  
18 original transcript of which is in the possession of Clark Hill's counsel.

19          34.       Michelle Tran: Ms. Tran gave a deposition in this case, the original  
20 transcript of which is in the possession of the Receiver's counsel.

21 **VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL**

22           Certain fact witnesses in the case have expert credentials. For example, the  
23 Receiver is an accountant and is certified in fraud investigations. The Receiver has  
24 prepared various reports in the case which have been identified as trial exhibits. These  
25 reports contain conclusions as to the frauds involved in the case, and the impact and  
26 loss created by these frauds. In an excess of caution, the Receiver's counsel discloses  
27 that certain fact witnesses in the case such as the Receiver also, by reason of their  
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b. The Receiver’s counsel will provide Defendants’ counsel with updated indices of documents maintained in the Document Depository as they become available. To update the index attached to Plaintiff’s Fifth Disclosure Statement, updated indices were sent to Clark Hill’s counsel on January 10, 2019, March 12, 2019, ~~and~~ April 17, 2019, July 9, 2019 and August 9, 2019.

c. The Receiver also updates the website periodically.

2. The Receiver will rely on documents maintained in the Document Depository and on the Receiver’s website to support his claims in this action, as well as publicly available documents such as the recorded instruments referenced in the factual narrative above.

3. The Receiver’s counsel plans to compile, number, and produce to Defendants’ counsel certain documents it has obtained from the Depository, the Receiver’s website, and other publicly available documents that the Receiver may designate as trial exhibits.

a. The Receiver’s March 27, 2018 production (Second Disclosure Statement) included documents numbered RECEIVER\_000001- 001345.

i. The March 27, 2018 production included copies of the DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have been numbered RECEIVER\_000001-000164. They replaced copies of those documents that were produced on September 5, 2017 and which were incorrectly numbered DIC0011918-0012081.

ii. The March 27, 2018 production included publicly available documents, such as the recorded instruments referenced in the factual narrative above (RECEIVER\_000165-RECEIVER\_001345).

b. The Receiver’s May 15, 2018 production (Third Disclosure Statement) included Clark Hill’ documents numbered RECEIVER\_001325-RECEIVER\_001497.

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h. on June 4, 2019, the Receiver’s counsel produced to Defendants’ counsel documents numbered RECEIVER\_ 005197-005542.

i. on July 2, 2019, the Receiver’s counsel produced to Defendants’ counsel documents numbered RECEIVER\_ 005543-005545.

j. on July 11, 2019, the Receiver’s counsel produced to Defendants’ counsel documents numbered RECEIVER\_ 005546-005627.

k. on September 6, 2019, The Receiver’s counsel produced to Defendants’ counsel documents numbered RECEIVER\_ 005628-005676.

DATED this \_\_\_\_ day of ~~June~~September, 2019.

OSBORN MALEDON, P.A.

By \_\_\_\_\_  
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*Attorneys for Plaintiff*

COPY of the foregoing served by mail  
~~hand-delivery~~ this \_\_\_\_ day of ~~June~~September 2019, to:

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