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10 **ARIZONA SUPERIOR COURT**
11 **MARICOPA COUNTY**

12 DOUGLAS CAMPING, KEVIN CAMPING,) No. **CV2021-005448**
13 F. DANIEL JOHNSON, individuals, and D&K)
14 ENTITIES, LLC, a Delaware limited liability)
15 company,) **VERIFIED COMPLAINT FOR**
16 Plaintiffs,) **APPOINTMENT OF RECEIVER**
17 v.) **(Eligible for Commercial Court)**
18 ART LENDER SERVICES, LLC, a Delaware)
19 limited liability company,)
20 Defendant.)

21 Plaintiffs Douglas Camping, Kevin Camping, F. Daniel Johnson, and D&K Entities, LLC
22 (“Plaintiffs”), in their Verified Complaint against Defendant ART Lender Services, LLC
23 (“ART” or “Company”), allege as follows:

24 **NATURE OF THIS ACTION**

25 1. This is an action pursuant to Arizona Rule of Civil Procedure 66 and A.R.S. § 12-
26 1241 for appointment of a receiver for ART to protect and preserve the property and rights of

1 Plaintiffs in connection with the dissolution, winding up, and liquidation of ART.

2 2. ART has been experiencing significant cashflow problems and does not have
3 enough working capital to continue operating much longer.

4 3. Over the past several weeks, there has been substantial divide and opposition
5 among ART's owners and members over the direction of the Company.

6 4. All parties have agreed that the Company should be dissolved, but ART's board is
7 at an impasse regarding the terms of the dissolution, winding up, and liquidation of ART.

8 5. Plaintiffs are some of ART's largest creditors, and they serve as guarantors on
9 ART's debt obligations.

10 6. The best way to protect Plaintiffs' interests is to place ART in the hands of a
11 receiver.

12 **PARTIES, JURISDICTION, AND VENUE**

13 7. Plaintiff Douglas ("Doug") Camping is ART's Chief Financial Officer and one of
14 its creditors.

15 8. Plaintiff Kevin Camping ("Kevin") is one of ART's founders and creditors.

16 9. Plaintiff F. Daniel ("Dan") Johnson is ART's manager and Chief Executive
17 Officer, and one of its founders and creditors.

18 10. Plaintiff D&K Entities, LLC ("D&K") is a Delaware limited liability company, a
19 member of ART, and one of ART's creditors.

20 11. Defendant ART is a Delaware limited liability company with its principal place of
21 business in Maricopa County, Arizona.

22 12. This Court has subject matter jurisdiction over this action pursuant to A.R.S. § 12-
23 1241.

24 13. Venue is appropriate pursuant to A.R.S. § 12-401.
25
26

1 **FACTUAL ALLEGATIONS**

2 **The Development of ART**

3 14. Plaintiffs are in the asset recovery business, primarily partnering with lenders in
4 the auto finance industry to recover distressed assets.

5 15. Beginning in early 2020, Plaintiffs began identifying opportunities to consolidate
6 their companies with other recovery companies and expand the reach and efficiencies of their
7 collective businesses in the repossession market throughout the United States.

8 16. In March 2020, Plaintiffs Doug Camping, Kevin Camping, and Dan Johnson
9 decided to form a new entity that would later become ART.

10 17. In May 2020, ART was formed.

11 18. To build its consolidated business, ART entered into several asset purchase
12 agreements with other asset recovery companies, including Paramount Recovery Services (in
13 June of 2020), Able Auto Adjusters, Accurate Adjustments and 1st Adjusters (in July of 2020),
14 Tri State Recovery (in August of 2020), Advanced Recovery of Redding, CA (in September of
15 2020), Diversified Recovery of Texas (in October of 2020), and Asset Recovery Adjusters of
16 Texas (in December of 2020).

17 19. Plaintiffs and the owners of those other asset recovery companies (the “Legacy
18 Companies”) contributed cash, assets and employees (the “Legacy Employees”) towards the
19 formation and operation of ART’s business.

20 20. Plaintiffs collectively advanced over \$1,600,000 in loans and expenses to fund the
21 startup costs of ART’s business. Those startup costs included accounting and legal costs,
22 branding, logo and marketing costs, website costs, the buildout of Company offices, the securing
23 of equipment, including furniture, computers, tow trucks, etc., the hiring of new employees, and
24 the formation of resource, operating, organizational and compliance documents.

25 21. The parties agreed and understood that Plaintiffs would be refunded for those
26 expenses when ART raised more capital.

1 22. None of ART's other owners advanced any operational expenses on behalf of the
2 Company prior to or during the fourth quarter of 2020.

3 23. In ART's first fundraising round, the Company raised \$500,000 by converting
4 \$500,000 of the over \$1,600,000 in expenses owed to Plaintiffs from a payable to a capital
5 contribution.

6 24. This \$500,000 was used to cover startup expenses such as forming the Company,
7 hiring initial employees, and covering the costs of business development and acquisitions.

8 25. ART raised an additional \$2,000,000 in capital through a second round of
9 fundraising in October 2020.

10 26. This was accomplished, in part, by converting an additional \$250,000 of the over
11 \$1,100,000 in expenses then owed to Plaintiffs from a payable to a capital contribution.

12 27. This \$2,000,000 was specifically intended and was actually used to fund build-out
13 expenses such as Company branding, additional employees, operations and logistics, and
14 assimilation costs during the fourth quarter of 2020 (September through December, 2020) and
15 to reimburse Plaintiffs for funds personally advanced on behalf of the Company in 2020.

16 28. After the second fundraising round, the Company reimbursed Plaintiffs for
17 \$750,000 of the more than \$850,000 in advanced expenses then owing to them for monies loaned
18 to ART and advanced on ART's behalf in connection with the start-up and build-out of the
19 Company.

20 29. ART planned on raising another \$5,000,000 in capital in December 2020 or
21 January 2021 to fund additional transition and assimilation costs, and to cover the operating
22 expenses in the 1st quarter of 2021, until the normal accounts receivable flow was built up to
23 cover operational cash flow.

24 30. However, a likely potential investor for ART backed away due to the changing
25 political and financial climate that negatively affected their personal financial position.

26 31. ART officially launched its business on January 4, 2021.

1 **ART's Cash Flow Problems**

2 32. Shortly after ART launched, other potential investors delayed their consideration
3 of investing due to the uncertainty based on potential Covid-19 related stimulus and
4 moratoriums. These delays caused significant cash flow delays for the Company.

5 33. Each Legacy Owner was permitted to keep all 2020 receivables and not contribute
6 or roll such receivables into the Company, which, when combined with the failed third round
7 capital raise, left the Company in a poor cash position.

8 34. The Company faced assimilation challenges, technology issues and cash shortfalls
9 during the first few weeks of operations, causing stress among the owners.

10 35. To cover payroll and other expenses, some of ART's owners, including Plaintiffs,
11 contributed additional funds either in the form of loans or capital contributions in return for more
12 equity.

13 36. In January and February 2021, Plaintiffs collectively loaned the Company another
14 \$300,000 in cash and personally covered another \$55,000 in expenses for the Company.

15 37. ART's business continued to experience difficulties as a result of the Covid-19
16 pandemic (which resulted in a lower assignment volume from the Company's clients), and
17 financial pressures began to mount on the Company.

18 38. In March 2021, many of ART's clients advised ART that they expected their
19 volume of business for the Company to decrease by twenty to thirty percent over the next several
20 weeks due to the pandemic and government-imposed lockdowns, moratoriums and government
21 stimulus checks.

22 39. As ART's business and financial condition has declined, discord among its owners
23 about how the Company should operate has increased.

24 40. One investor (Clearview Systems) contributed \$250,000 to ART in early 2021, but
25 immediately demanded that it be permitted to exit and that it receive a complete return of its
26 money when it learned about ART's financial struggles and the infighting among ART's owners.

1 41. Given that the Clearview System’s APA had not yet closed and finalized, it was
2 removed as a member/owner and reimbursed its \$250,000 contribution, further affecting ART’s
3 cash flow.

4 42. Because of the delays in securing a capital partner, ART’s owners, including
5 Plaintiffs, have had to spend more of their own money to keep the Company operating.

6 43. On March 4, 2021, ART signed a promissory note and entered into a loan
7 transaction with KS StateBank (the “KSB Loan”) pursuant to which KS StateBank provided a
8 \$1,000,000.00 credit line to ART.

9 44. Plaintiffs Doug Camping, Kevin Camping, and Dan Johnson each signed a
10 personal guaranty of the KSB Loan.

11 45. No other owner or officer of ART guaranteed ART’s obligations under the KSB
12 Loan.

13 46. To date, ART has drawn down on the KSB Loan and borrowed approximately
14 \$728,000.00 from KS StateBank on the KSB Loan.

15 47. ART has used the monies borrowed through the KSB Loan to pay payroll,
16 operating expenses, and to pay back Clearview Systems its \$250,000.

17 48. In addition to personally guaranteeing the KSB Loan, Doug Camping and Kevin
18 Camping have personally guaranteed ART’s loan and payment obligations for furniture
19 purchased for the Company’s Phoenix (Glenrosa Office) and Austin (Pond Springs Office) (a
20 \$220,000.00 obligation, approximately) (the “Furniture Loan”).

21 49. Doug Camping and Kevin Camping have also personally guaranteed ART’s loan
22 and payment obligations for computers used in ART’s office locations (a \$70,000.00 obligation,
23 approximately) (the “Computer Loan”).

24 50. Doug Camping and Kevin Camping have also personally guaranteed ART’s
25 purchase of eight (8) tow trucks to be used in connection with the Company’s potential business
26 operations in Florida (a \$607,000.00 obligation, approximately) (the “Tow Truck Loan”).

1 51. Given the Company's present financial condition, and cash flow position, and the
2 escalating disputes among the Company's owners, members and stakeholders, the Company's
3 ability to stay current on, and make payments on, and avoid defaulting on the KSB Loan, the
4 Furniture Loan, the Computer Loan and/or the Tow Truck Loan is in jeopardy.

5 52. In the event that ART defaults on its obligations under the KSB Loan, the Furniture
6 Loan, the Computer Loan or the Tow Truck Loan, the lenders will seek to enforce the personal
7 guarantees against Plaintiffs, and Plaintiffs will be substantially harmed.

8 53. Doug Camping, Kevin Camping and D&K have contributed more than
9 \$2,050,000.00 to ART since the formation of the Company: \$750,000 in capital contributions,
10 and over \$1,300,000.00 in loans and advances to cover legitimate Company expenses, including
11 but not limited to payroll expenses.

12 54. In addition to the risk Plaintiffs face in connection with the KSB Loan, the
13 Furniture Loan, the Computer Loan and/or the Tow Truck Loan, Doug Camping and Kevin
14 Camping are presently owed more than \$450,000.00 by the Company, making them some of the
15 largest creditors of the Company.

16 **ART's Owners Are at An Impasse**

17 55. One of ART's owners, Steve Simons of Ames Enterprises, Inc. Paramount
18 Recovery Service, and P.R.S. of AZ, LLC (collectively, "Simons") has made unfounded claims
19 against the Company's officers and against other owners, and has attempted to create disruption
20 and leverage ART's owners against each other.

21 56. When ART finally found a potential financial partner in early March 2021, who
22 was prepared to fund ART's shortfall and the necessary working capital for ART to continue
23 operating, Simons and certain other Legacy Owners caused conflict which caused the investor
24 to pull out until ART's owners could resolve their disputes.

25 57. ART cannot continue operating much longer unless its owners agree to contribute
26 more capital, but the owners are only willing to do so if they can exert control over the Company.

1 58. On information and belief, because of the discord among ART’s owners, Simons
2 and several other Legacy Owners instructed ART employees – who are former Legacy
3 Employees of those owners’ former companies – to ignore ART’s leadership.

4 59. On information and belief, the refusal of some of the Company’s employees to
5 follow the directives of the Company’s management has caused significant disruption in ART’s
6 operations—among other things, those employees have engaged in improper billing and
7 communication practices that have caused ART to lose clients.

8 60. ART continues to lose business every day, and it is starting to lose employees.

9 61. ART’s owners have discussed the dissolution or liquidation of the business and
10 the rescission of ART’s various asset purchase agreements, but have not been able to agree on
11 the terms of the dissolution or liquidation or on a plan of liquidation.

12 62. Simons is attempting to position himself to personally benefit from the winding
13 down of ART’s business. On information and belief, Simons has told other ART owners that he
14 intends to wait for the Company to fail so he can purchase assets for pennies on the dollar.

15 63. On information and belief, Simons has instructed Company employees who used
16 to work for his Legacy Companies to use Company credit cards and assets to prepare to reopen
17 his Legacy Company in direct violation of his restrictive covenants.

18 64. On information and belief, ART may have only days or weeks left before it will
19 have no other choice but to file bankruptcy and/or sell all its assets.

20 65. The infighting among owners and uncertainty regarding the Company’s future has
21 resulted in employee morale being at an all-time low, which has affected ART’s ability to service
22 clients and produce revenue.

23 66. There is a conflict among the individual members of the board of directors of the
24 Company, making the ongoing management of the Company and necessary decision-making
25 difficult if not impossible.

26

1 67. Members of the board of directors of the Company have openly and falsely
2 accused officers of the Company and other members of the board of directors of financial
3 improprieties and self-dealing.

4 68. Certain owners are effectively sabotaging the Company and its relationships with
5 its customers, clients and employees.

6 69. The ongoing conflict among owners, members, directors and officers, combined
7 with declining sales and disgruntled employees have left ART unable to operate successfully.

8 70. Because of the ongoing internal strife and lack of trust among ART's owners, ART
9 is unlikely to survive without intervention.

10 71. While an investor has been identified who is willing to infuse capital into the
11 Company, the investor will not make that investment unless significant changes are made to the
12 ownership/membership structure of the Company, such that the internal conflicts are resolved.

13 72. Plaintiffs' interests in the Company, as officers, directors and creditors, are in need
14 of the protection that only a Court-appointed receiver can provide.

15 73. A receiver can: (i) prevent members/owners from acting in violation of their
16 restrictive covenants and from looting the Company or improperly using Company assets; (ii)
17 ensure that the Company's financial obligations – including but not limited to the KSB Loan,
18 the Furniture Loan, the Computer Loan or the Tow Truck Loan – are met; and (iii) either wind
19 down, dissolve, and liquidate ART's business or restructure the business such that an investor
20 will commit capital to fund ART's operations.

21 74. The appointment of a receiver is reasonably necessary to protect Plaintiffs' debt
22 and equity interests in the Company.

23 COUNT I

24 (Appointment of Receiver)

25 75. Plaintiffs incorporate the allegations in the preceding paragraphs as if fully stated
26 herein.

1 76. Pursuant to Arizona Rule of Civil Procedure 66 and A.R.S. § 12-1241, the Court
2 has broad authority to appoint a receiver to protect and preserve the property or rights of parties.

3 77. A.R.S. § 12-1241 provides that a receiver may be appointed “to protect or preserve
4 property or the rights of parties therein.”

5 78. Plaintiffs are entitled to the appointment of a receiver to protect and preserve their
6 rights as owners and creditors of ART.

7 79. Plaintiffs are among ART’s largest creditors. They are owed significant sums of
8 money and they have personally guaranteed significant Company debt obligations.

9 80. Discord among ART’s owners has made it impossible for the Company to continue
10 operating, and the owners are at an impasse regarding how to wind down the business and repay
11 ART’s creditors.

12 81. The Company has a need for cash and may soon be insolvent.

13 82. Plaintiff’s debt and equity interests require protection.

14 83. Based on all the conduct described above, Plaintiffs request that the Court appoint
15 a receiver to, among other things, protect and preserve Plaintiffs’ interests in ART and carry out
16 the orderly dissolution or liquidation and winding down of ART.

17 84. As set forth above, no other adequate remedy is given by law for the protection of
18 Plaintiffs’ rights and interests in the Company or in connection with the winding down and
19 dissolution or liquidation of ART.

20 **COUNT II**

21 **(Accounting)**

22 85. Plaintiffs incorporate the allegations in the preceding paragraphs as if fully stated
23 herein.

24 86. Plaintiffs request that the Court-appointed receiver in this action provide an
25 accounting of Defendant’s business and financial activities on a historical and going-forward
26 basis.

1 87. Plaintiffs request that the Court-appointed receiver in this action determine the
2 respective rights and obligations of ART's owners and members.

3 WHEREFORE, Plaintiffs respectfully request that the Court:

4 A. Enter an Order appointing a receiver over ART, to protect and preserve the
5 property that is the subject of this action and the rights of Plaintiff in said property;

6 B. Direct the receiver to provide a historical and ongoing accounting of ART's
7 business and financial operations and determine the respective rights and obligations of ART's
8 owners and members; and

9 C. Award Plaintiffs such other and further relief as the Court deems just and proper.

10 Respectfully submitted this 2nd day of April, 2021.

11 **COPPERSMITH BROCKELMAN PLC**

12
13 By /s/ John C. Kelly

14 John C. Kelly
15 Marvin C. Ruth
16 Kristen Yost

17 *Attorneys for Plaintiffs*

1 **VERIFICATION**

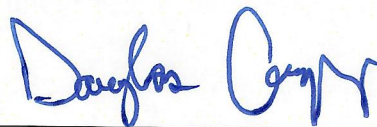
2 I, Douglas Camping, do state and swear under penalty of perjury and as permitted by Rule
3 80(c), Ariz. R. Civ. P., as follows:

4 I am a Plaintiff in the civil matter known as Douglas Camping et al. v. ART Lender
5 Services, LLC.

6 I have read the Verified Complaint for Appointment of Receiver.

7 I declare, under penalty of perjury, that the allegations found therein are true and correct,
8 to the best of my knowledge, information and belief.

9 Executed this 2 day of April, 2021.

10 

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Douglas Camping

1 **VERIFICATION**

2 I, Kevin Camping, do state and swear under penalty of perjury and as permitted by Rule
3 80(c), Ariz. R. Civ. P., as follows:

4 I am a Plaintiff in the civil matter known as Douglas Camping et al. v. ART Lender
5 Services, LLC.

6 I have read the Verified Complaint for Appointment of Receiver.

7 I declare, under penalty of perjury, that the allegations found therein are true and correct,
8 to the best of my knowledge, information and belief.

9 Executed this 2nd day of April, 2021.

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11 _____
Kevin Camping

1 **VERIFICATION**

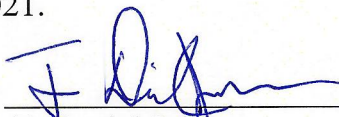
2 I, F. Daniel Johnson, do state and swear under penalty of perjury and as permitted by Rule
3 80(c), Ariz. R. Civ. P., as follows:

4 I am a Plaintiff in the civil matter known as Douglas Camping et al. v. ART Lender
5 Services, LLC.

6 I have read the Verified Complaint for Appointment of Receiver.

7 I declare, under penalty of perjury, that the allegations found therein are true and correct,
8 to the best of my knowledge, information and belief.

9 Executed this 2 day of April, 2021.

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11 F. Daniel Johnson

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VERIFICATION

I, Douglas Camping, on behalf of D&K Entities, LLC, do state and swear under penalty of perjury and as permitted by Rule 80(c), Ariz. R. Civ. P., as follows:

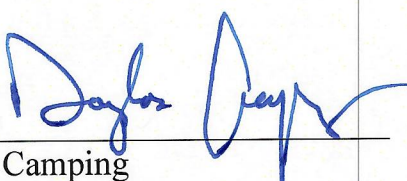
I am a Plaintiff in the civil matter known as Douglas Camping et al. v. ART Lender Services, LLC.

I am a member and manager of D&K Entities, LLC, and I am authorized to make this verification on its behalf.

I have read the Verified Complaint for Appointment of Receiver.

I declare, under penalty of perjury, that the allegations found therein are true and correct, to the best of my knowledge, information and belief.

Executed this 2 day of April, 2021.



Douglas Camping