

From: Kathryn E. Mueller

Sent: Friday, February 5, 2016 9:40 AM

To: J. Kyle Bass <k@haymancapital.com>; Brandon Osmon <bo@haymancapital.com>; Dan Babich <DB@haymancapital.com>; Chris Kirkpatrick <CK@haymancapital.com>; Juneau Lee <JL@haymancapital.com>; Debby LaMoy <dl@haymancapital.com>; Henry Becker <HB@haymancapital.com>; Tai-Li Chang <tlc@haymancapital.com>; Parker Lewis <PL@haymancapital.com>; Davis Hostetter <dh@haymancapital.com>

Cc: Hayman Investor Relations <ir@haymancapital.com>

Subject: Forbes: Dallas Hedge Fund Investor Kyle Bass Call Our Real Estate 'Ponzi Scheme' UDF

Forbes

Forbes: Dallas Hedge Fund Investor Kyle Bass Call Our Real Estate 'Ponzi Scheme' UDF



Brad Thomas, CONTRIBUTOR

I cover REIT investing.

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Hedge fund investor Kyle Bass launched a new website Friday laying out his firm's views on United Development Funding (UDF).

Back in December I wrote an article on Forbes.com suggesting that UDF had become a "high risk" security based upon the controversial practices revealed by defaults, bankruptcies, lawsuits, and resignations. At the time of my article, the source for my research was disclosed publicly on the website Harvest Exchange.

Today, as evidenced by the significant content on Bass' new website, it seems that the Hedge Fund investor has been the face behind the anonymously written content on the Harvest website. Bass points out on his new website that "UDF management claims that its business is sound. Using cash flow from new investors to pay old investors is not sound."

Bass went on to say that "according to the SEC a Ponzi-scheme is an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors." He adds that the

“SEC has been the subject of a non-public fact-finding investigation being conducted by the SEC (according to disclosures).”

When I wrote my article back in December I received a threatening phone call from an angry financial planner and I made contact with the FBI. I asked the agent whether or not UDF was being investigated by the FBI and the agent did not either confirm or deny allegations.

Bass has disclosed on his website that his firm, Hayman Capital Management, L.P., maintains a short position in the common stock of UDF and that his firm “will profit if the market price for the common shares decline, and conversely, Hayman will lose money if the market price increases.”

Prior to the Harvest article, UDF was trading north of \$17.00 and shares plummeted to \$8.55 when the “ponzi-like” scheme went public (on Harvest). Since then, shares have drifted around \$10.00. If Bass is right about his claims, UDF could become worthless and Bass could make millions.

(The author does not own shares in UDF.)

Brad Thomas is editor of Forbes Real Estate Investor and writes for Forbes.com and Seeking Alpha. He is also a frequent guest on Fox Business and he is currently writing a book, The Trump Factor, about presidential candidate Donald J. Trump.

From: Katheryn E. Mueller

Sent: Friday, February 5, 2016 9:32 AM

To: J. Kyle Bass <k@haymancapital.com>; Brandon Osmon <bo@haymancapital.com>; Dan Babich <DB@haymancapital.com>; Chris Kirkpatrick <CK@haymancapital.com>; Juneau Lee <JL@haymancapital.com>; Debby LaMoy <dl@haymancapital.com>; Henry Becker <HB@haymancapital.com>; Tai-Li Chang <tlc@haymancapital.com>; Parker Lewis <PL@haymancapital.com>; Davis Hostetter <dh@haymancapital.com>

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Subject: Wall Street Week: Tweet - Kyle Bass is going to war with his latest short target