

Message

**From:** Agnew, Shea [Shea.Agnew@edelman.com]  
**Sent:** 2/18/2016 6:38:22 PM  
**To:** Marose, Gregory [Gregory.Marose@edelman.com]; Holmes, Allie [Allie.Holmes@edelman.com]; Geller, Mike [Mike.Geller@edelman.com]  
**Subject:** RE: P&I: FBI investigating United Development Funding

Thanks for the catch— today's fast pace made it seem like Morning Consult/our strategy meeting happened a week ago. Good work, team.

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**From:** Marose, Gregory  
**Sent:** Thursday, February 18, 2016 6:33 PM  
**To:** Agnew, Shea; Holmes, Allie; Geller, Mike  
**Subject:** RE: P&I: FBI investigating United Development Funding

Dropped Morning Consult in case we want to lump it in.

We've also ensured UDF's SEO is permanently ruined – quite the tally. Congrats

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**From:** Agnew, Shea  
**Sent:** Thursday, February 18, 2016 7:18 PM  
**To:** Marose, Gregory; Holmes, Allie; Geller, Mike  
**Subject:** RE: P&I: FBI investigating United Development Funding

Keep running up the score... there's no mercy rule here, right? Current tally for today below:

- Reuters: [UPDATE 1-FBI says it raids United Development Funding office near Dallas](#)
- Reuters: [FBI says it raids United Development Funding office near Dallas](#)
- Bloomberg Business: [United Development Plunges as FBI Raids Firm's Texas Offices](#)
- Wall Street Journal: [FBI Raids Headquarters of United Development Funding](#)
- CNBC: [UDF plunges after FBI raids office](#)
- Business Insider: [Kyle Bass' latest short target got raided by the FBI, and the stock is tanking](#)
- InvestmentNews: [FBI raids offices of Texas REIT](#)
- Yahoo! Finance: [Kyle Bass' latest short target got raided by the FBI, and the stock is tanking](#)
- Forbes: [United Development Funding Rocked After FBI Raid, Shares Down 54%](#)
- AOL: [Kyle Bass' latest short target got raided by the FBI and the stock is tanking](#)
- Dallas Business Journal: [FBI raids UDF office in Grapevine on heels of "Ponzi scheme" allegations](#)
- Business Insider: [STOCKS FALL: Here's what you need to know](#)
- NBC 5 DFW: [FBI Raids Housing Financial Firm in Grapevine: Critics say company acts as Ponzi scheme](#)
- Street Insider: [FBI Raids United Development Funding IV \(UDF\) in Grapevine - NBC](#)
- Dallas Morning News: [FBI raids Grapevine financial firm amid allegations of Ponzi scheme](#)
- Benzinga: [United Development Funding IV Buckles Following Reported FBI Raid](#)
- Benzinga: [UDF Crashes 50% After FBI Raid](#)
- Bidness Etc: [United Development Funding IV Nosedives on FBI Raid in Grapevine Office](#)
- Fort Worth Star-Telegram: [UDF stock plunges on report of FBI raid at Grapevine headquarters](#)
- ABC 8 DFW: [FBI agents on scene of Grapevine business](#)

- Daily News: [Kyle Bass' latest short target got raided by the FBI, and the stock is tanking](#)
- Seeking Alpha: [UDF down 50% as FBI raids office](#)
- ValueWalk: [UDF Shares Tumble As FBI Raid Underway](#)
- ZeroHedge: [Company Flagged By Kyle Bass As A Ponzi Scheme Was Just Raided By The FBI](#)
- HousingWire: [FBI agents raid North Texas Real Estate Investment Trust: Kyle Bass-led hedge fund accused REIT of operating like Ponzi Scheme](#)
- Nasdaq: [FBI Raids Headquarters of United Development Funding](#)
- Newsy: [FBI Agents Raid A Texas Housing Financial Firm Accused Of Fraud](#)
- Morning Consult: <http://morningconsult.com/2016/02/wariness-grows-over-non-traded-real-estate-investments/>
- Pensions & Investments: [FBI investigating United Development Funding](#)

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**From:** Marose, Gregory

**Sent:** Thursday, February 18, 2016 6:12 PM

**To:** Agnew, Shea; Holmes, Allie; Geller, Mike

**Subject:** P&I: FBI investigating United Development Funding

Running up the score at this point I guess...helps force the remaining (albeit small) institutional money in UDF to exit...

## FBI investigating United Development Funding

By **ARLEEN JACOBIOUS** | February 18, 2016 6:57 pm | Updated 7:01 pm

Agents from the Dallas office of the FBI conducted "law enforcement activity" at the offices of United Development Funding, a real estate company that operates traded and non-traded real estate investment trusts that primarily invest in loans for land to develop single-family housing, said Allison Mahan, spokeswoman for the FBI's Dallas bureau.

Ms. Mahan said she could not comment further.

Two of United Development Funding's REITs are United Development Fund III and United Development Fund IV. The \$173.5 billion New York State Common Fund, Albany; \$125 billion [Texas Teacher Retirement System](#), Austin; and \$75 billion [Ohio State Teachers' Retirement System](#), Columbus, are investors in United Development Fund IV. Pension fund officials could not be reached by press time.

United Development Funding has been under investigation by the Securities and Exchange Commission since April 2014, according to a statement filed with the SEC in December.

"UDF has not been accused of any wrongdoing," the SEC filing said.

Hayman Capital Management, a hedge fund founded by J. Kyle Bass, has taken a short position in United Development Funding. Hayman executives' research, published on a [website](#) the firm created, suggests that UDF is a \$1 billion Ponzi-like scheme.

"As the situation unfolds, Hayman has no further comment at this time — the evidence we've laid out related to UDF is available on UDFexposed.com, as it has been since Feb. 2, 2016," a Hayman spokesman said.

"When UDF's first fund faltered, UDF used money from a second entity — a public affiliate, registered with the SEC — to bail out the first fund," said Mr. Bass, chief investment officer and principal of Hayman Capital Management, in a letter published Feb. 5 on the UDFexposed website. "UDF management has been trying to cover its tracks ever since, by perpetuating a Ponzi-like real estate scheme across multiple funds."

Hollis Greenlaw, UDF CEO, and Stacey Dwyer, spokeswoman, did not respond to multiple calls and e-mails seeking comment.

In a statement on the UDF website published Feb. 8, Mr. Greenlaw said the UDFexposed website has "multiple false and misleading statements" about UDF and its management team. He noted that Hayman built a significant short position on UDF IV.

"Our secured loans are underwritten based on collateral value, and UDF IV has not had any realized losses in its portfolio," Mr. Greenlaw wrote.