

NOT FOR PUBLIC FILING—FOR USE OF COURT AND ITS STAFF ONLY

CAUSE NO. CC-17-06253-C

UNITED DEVELOPMENT FUNDING, L.P.,	§	IN THE COUNTY COURT
A DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING II,	§	
L.P., A DELAWARE LIMITED	§	
PARTNERSHIP; UNITED DEVELOPMENT	§	
FUNDING III, L.P., A DELAWARE	§	
LIMITED PARTNERSHIP; UNITED	§	
DEVELOPMENT FUNDING IV, A	§	
MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
DEVELOPMENT FUNDING INCOME	§	
FUND V, A MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
MORTGAGE TRUST, A MARYLAND	§	
REAL STATE INVESTMENT TRUST;	§	
UNITED DEVELOPMENT FUNDING	§	
LAND OPPORTUNITY FUND, L.P., A	§	AT LAW NO. 3
DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING	§	
LAND OPPORTUNITY FUND	§	
INVESTORS, L.L.C., A DELAWARE	§	
LIMITED LIABILITY COMPANY	§	
	§	
Plaintiffs,	§	
	§	
v.	§	
	§	
	§	
J. KYLE BASS; HAYMAN CAPITAL	§	
MANAGEMENT, L.P.; HAYMAN	§	
OFFSHORE MANAGEMENT, INC.;	§	
HAYMAN CAPITAL MASTER FUND, L.P.;	§	
HAYMAN CAPITAL PARTNERS, L.P.;	§	
HAYMAN CAPITAL OFFSHORE	§	
PARTNERS, L.P.; HAYMAN	§	
INVESTMENTS, LLC	§	
	§	
Defendants.	§	DALLAS COUNTY, TEXAS

**PLAINTIFFS' MOTION TO COMPEL REGARDING DEFENDANTS' CLAIMS OF
PRIVILEGE WITH RESPECT TO DANIEL J. EDELMAN, INC.**

Plaintiffs United Development Funding, L.P., et al. (collectively, “UDF” or “Plaintiffs”) file this motion to compel the production of all communications between Defendants J. Kyle Bass et al. (collectively, “Hayman” or “Defendants”) and non-party Daniel J. Edelman, Inc. (“Edelman”) and any other Edelman documents withheld under Hayman’s claims of privilege.

I. INTRODUCTION

Based on new information obtained in discovery and expanded claims of privilege by Hayman over Edelman documents, UDF moves to compel Hayman and Edelman to produce documents withheld as privileged. Hayman has claimed privilege over Hayman-Edelman communications via three assertions of privilege: (1) in response to the Court’s September 4, 2020 ruling compelling Edelman to comply with a subpoena, Hayman has asserted privilege over some documents ready for production by Edelman (those documents are not yet logged on a privilege log); (2) in response to document requests to Hayman, it provided a privilege log dated November 16, 2020 that included various Hayman-Edelman communications; and (3) in response to the Court’s March 19, 2018 discovery order, Hayman provided a privilege log dated May 2, 2018 that included various Hayman-Edelman communications (the May 2, 2018 privilege log is part of a prior motion pending before the Court).

Recent revelations in discovery explicitly show that the business objectives of Hayman’s retention of Edelman, as stated in Edelman’s own documents, were to (1) drive UDF’s stock to zero, (2) push the SEC and FBI to act against UDF, and (3) prevent UDF from retaining an auditor so it could not publish financial statements to investors. Given these non-privileged objectives of the retention, UDF respectfully requests that this Court find that there is no attorney-client privilege between Hayman and Edelman. Thus, Hayman and Edelman should be compelled to produce all documents withheld as privileged, whether they are currently on a Hayman privilege log or not.

In claiming privilege over communications with Edelman, Bass submitted an affidavit in 2018 swearing that “as an investor and for the benefit of the market and the public,” Hayman engaged Edelman to assist in promulgating conclusions Hayman had reached regarding UDF’s business activities. Defendants claimed privilege for confidential communications allegedly made to that end. Now, however, Bass’s claimed purpose of retaining Edelman to serve the public and aid the markets—his *noblesse oblige*—is contradicted by recently-produced Edelman documents that tell a starkly different story:

- On February 9, 2016, just nine days before the FBI raid of UDF, a PowerPoint overview of the Hayman-Edelman public relations campaign summarizes the objectives of the Hayman-Edelman retention as follows: **“Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining auditor prior to March 1 earnings report.”** Ex. E (February 9, 2016 Presentation) at Edelman 003312 (emphasis added).¹
- The same presentation, in reviewing the impact of the February 5 launch of Hayman’s proprietary website, “UDFEXPOSED.COM”, summarizes the effects of launching the UDFEXPOSED website on UDF’s stock price as follows: **“Financial Results: -30% drop in 1-day share price; \$13.75M estimated 1-day gain; 1,963% increase in 1-day trading volume.”** *Id.*, at Edelman 003315 (emphasis added).
- On the same day as this February 9 presentation, Kyle Bass had dinner with Richard Edelman, the President and CEO of Edelman, and “sang [Edelman’s] praises.” Ex. F, at Edelman 003492.
- On February 18, 2016, the day of the FBI raid, Edelman recited the following stock trading strategy from Parker Lewis, the key Hayman employee working under Bass’s direction on the UDF attack: “We close the remaining position at ~\$3...per Parker[.]” Ex. J, at Edelman 003587. That meant that Hayman planned to close out its short position when UDF’s stock dropped to \$3 per share, after having opened the short position at around \$16 per share, to the immense profit of Hayman.
- On the day of the FBI raid, a high-level Edelman executive crowed: “No doubt the media pressure we’ve applied has played a role”, to which another executive responded: “Very cool.” Ex. L, at Edelman 003595.

¹ Unless otherwise stated, all exhibits referenced herein are attached to the January 19, 2021 Declaration of Jonathan E. Sommer (“Sommer Dec.”), and all citations to exhibits take the form “Ex. ___”.

The day after the FBI raid, Edelman stated the goal of Hayman’s general counsel, Chris Kirkpatrick, was:

- **IMPORTANT FOR ALL** Revised objectives for media coverage, post-raid, are primarily to feed the negative news cycle until trading opens again. Chris Kirkpatrick believes trading will open, and the goal for that day, is for the shares to continue to drop, not rise. When the shares get below \$2, Hayman will likely sell.

Ex. O, at Edelman 003736. Thus, Hayman’s general counsel was not relying on Edelman to facilitate attorney-client advice to Hayman; instead, he and Hayman had the “goal” of using Edelman to get UDF shares below \$2 per share—via media coverage designed “to feed the negative news cycle”—and that is not a basis for claiming privilege.

Nowhere in Bass’s affidavit filed on April 25, 2018 (in support of his assertion of privilege over Edelman communications) did Bass disclose that the Hayman-Edelman business objectives were to drive UDF’s stock to zero, push the SEC and FBI to act, and prevent UDF from retaining an auditor. From the twisted perspective of Hayman and Edelman, they were spectacularly successful in achieving their objectives. Of course, if Bass had told the truth about all of this, the Court’s view of such privilege claims would have been substantially affected because there is no attorney-client privilege to (1) hire a public relations firm to drive a company’s stock to zero, (2) push the SEC and FBI to act against a company that a hedge fund is short selling, and (3) prevent a publicly-traded company from retaining an auditor to prevent it from filing financial statements.

While Texas courts have yet to address the privilege (if any) with public relations firms, the touchstone for courts outside Texas has been whether the involvement of the public relations firm was nearly indispensable or served a specialized purpose in facilitating attorney-client communications—not in burnishing the image of the company as a public relations agent (or, here, destroying the image of a targeted company). Here, the newly-revealed evidence shows

that Edelman was not needed to facilitate counsel's rendition of legal advice; instead, Edelman was needed to drive UDF's stock to zero, cause the SEC to sue it and the FBI to raid it, and prevent UDF from retaining an auditor. Now that UDF is challenging Hayman's disparagement of UDF's business, Hayman cannot conceal this evidence behind a wall of privilege.

The Court should find that there is no privilege between Hayman and Edelman and order all documents produced within ten days. As shocking as the above-referenced documents are, there are undoubtedly equally disturbing or even worse documents being withheld under the guise of privilege.

II. PROCEDURAL AND FACTUAL BACKGROUND

A. UDF's efforts to obtain the Edelman evidence.

As shown in the Declaration of Kyle Withers in support of Plaintiffs' Motion to Compel Edelman filed on August 3, 2020 ("Withers Dec."), UDF's efforts to obtain documents related to Edelman date back to the beginning of 2018. On March 19, 2018, the Court issued the Agreed Order on Plaintiffs' Motion for Discovery under the TCPA, which required Hayman to produce all communications between Hayman (Kyle Bass, Parker Lewis, and Chris Kirkpatrick) and Edelman from November 1, 2014 to October 31, 2016. *See* Withers Dec. ¶ 5, Ex. C.

Hayman produced some Edelman documents in response to the Court's 2018 order. *See* Withers Dec. ¶ 7. Hayman also asserted privilege over some of the documents, as shown by a privilege log dated May 2, 2018. Sommer Decl. ¶ 3. With limited discovery in its possession, UDF moved to compel and challenged some of the assertions of privilege on the log, including communications with Edelman. *Id.* That motion to compel has been presented to the Court in connection with its ongoing *in camera* review.

In 2020, Hayman produced additional Edelman documents. *See* Sommer Dec., ¶ 4. In connection with its 2020 production, Hayman has now submitted a second privilege log dated

November 16, 2020 that includes additional Edelman documents on it. *Id.* This second Hayman privilege log is not a subject of UDF's motion to compel that the Court heard on November 6, 2020; that prior motion concerned (in part) Hayman's first privilege log dated May 2, 2018. The second log was produced to UDF only after the Court had heard argument on Plaintiffs' motion to compel concerning Hayman's first privilege log. *See id.*

Last year, UDF also subpoenaed Edelman. On May 6, 2020, UDF served a subpoena, but Edelman refused to produce any documents in response to the subpoena. Edelman, with Hayman's support, claimed it was a speculative fishing expedition. *Id.* ¶ 5. On September 4, this Court held a hearing and granted UDF's motion to compel the production of all documents responsive to the subpoena.

As of December 16, 2020, Edelman had produced no documents in response to the subpoena. *Id.* UDF was compelled to assert that it would move to hold Edelman in contempt absent production. *Id.*

Finally, on December 29, 2020, Edelman produced its first tranche of documents responsive to the subpoena. *Id.* It still has not produced the remaining thousands of documents responsive to the subpoena. *Id.*

The December 29 Edelman production, as shown below, contains a wealth of new evidence revealing the business objectives behind Hayman's retention of Edelman.

B. The Newly-Revealed Evidence

It has always been known that Edelman bills itself as the world's largest public relations firm² and acted as a public relations firm on behalf of Hayman. Through discovery, UDF has learned more. Here is the truth about the Hayman-Edelman relationship as revealed by new evidence:

² Edelman is a public relations firm with over 6,000 employees in more than 60 offices.

Before Edelman launched its website UDFEXPOSED.COM on February 5, 2016 and before the FBI raided UDF on February 18, 2016, Edelman stated: “***This is an attack on a company*** [UDF] that is involved in a Ponzi scheme. Is there an icon we can create that represents a Ponzi scheme...Pyramid-like?” Ex. C, at Edelman 001080(emphasis added).

On February 9, 2016, a formal presentation stated the specific, true objectives of Edelman’s retention:



OBJECTIVES

Communications Objective: Reveal Kyle Bass' latest short, and the business at the heart of a Texas based billion-dollar Ponzi-like real estate scheme.

Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining an auditor prior to March 1 earnings report.

Strategy: Leverage Hayman Capital research to reveal story behind short, educating media, inciting public interest and supporting Federal and regulatory investigation.

Activation:

- Content released to influencers/academics via UDFexposed.com at annual investor meeting in NYC
- Exclusive break to traditional/online media, followed by media blitz in NY, DC, Dallas
- Bolstered by paid via content promotion via Twitter and Google AdWords and follower acquisition
- Supported by daily content postings, via UDFExposed.com

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Ex. E, at Edelman 003312). Thus, the business objectives were clearly stated: “Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining auditor prior to March 1 earnings report.” *Id.*

To achieve the first business objective (drive UDF stock to zero), Hayman and Edelman launched UDFEXPOSED.COM (which was used to drive home the false Ponzi scheme narrative) and tracked the effect of the launch on UDF’s stock price:

FINANCIAL RESULTS



-30%

drop in 1-day share price

\$13.75M

estimated 1-day gain

1,963% increase in 1-day trading volume

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*Results from launch on February 5.

Id., at Edelman 003315)

And in case that chart was not striking enough, the presentation included a graph too, showing the “results from launch [of UDFEXPOSED.COM] on February 5”:

SHARE PRICE



United Development Funding IV (NASDAQ:UDF)

Add to portfolio

5.62 **-4.58 (-44.90%)**

Real-time: 2:47PM EST
NASDAQ real-time data - Disclaimer
Currency in USD

Range 6.21 - 10.24 Div/yield 0.14/26.42
52 week 6.21 - 19.00 EPS 1.84
Open 10.13 Shares 30.67M
Vol / Avg 311,780.00/215,789.00 Beta -
Mkt cap 218.55M Inst. own 25%
P/E 3.37

G+1 D

Compare: Add ☐ Dow Jones ☐ Nasdaq ☐ HTS ☐ MFA ☐ AGNC ☐ CHMI ☐ ANH ☐ ORC ☐ ELCI

more >



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*Results from launch on February 5 at 2:47pm ET.

Id., at Edelman 003314.

This presentation showing the Hayman-Edelman objectives and the success in driving down UDF stock price was characterized as “perfection” in an email. Ex. D, at Edelman 003309.

On the same day as the presentation, February 9, Kyle Bass had a dinner with the President and CEO of Edelman, Richard Edelman, as summarized in an internal Edelman email referring to the “successful launch” of UDFEXPOSED.COM which had driven down UDF’s stock price as reflected in the graph above:

We just received the following note from our contact at Hayman Capital for whom we successfully launched UDFExposed.com (<https://udfexposed.com/>) last week. As you can see from the highlighted portion, Kyle Bass, the Principle and CIO of Hayman, had dinner with Richard and sang the praises of this stellar team, which includes our TX colleagues as well.

Ex. F, at Edelman 003491.

On February 14, 2016, four days before the FBI raid, Parker Lewis at Hayman emailed Edelman and stated that : “*Our primary goal is that investors who own UDF IV sell their shares and sell in volume[.]*” Ex. G, at Edelman 003511 (emphasis added).

On February 18, 2016, the day of the FBI raid, Edelman discussed a “media blitz” and referenced a plan by Parker Lewis at Hayman to close its short position on UDF shares at approximately \$3 per share (“We close the remaining position at ~\$3 ... per Parker”). Ex. J, at Edelman 003587. Edelman publicized the FBI raid so heavily that one employee joked about whether the “mercy rule” applied. Ex. N, at Edelman 003665.

That “media blitz” against UDF was carried out by Edelman while Hayman kept a low profile for a reason that Edelman found too sensitive to put in writing, as stated by the Edelman executive whose specialty was regulatory matters: “Per Allie's call right now, *Hayman does not*

want to be too public today. Mike-there's a probable reason I can call you about if you want." Ex. K, at Edelman 003592 (emphasis added).

Also on the day of the FBI raid, Edelman employees were emailing Parker Lewis at Hayman about work to "light a fire at S.E.C." Ex. I, at Edelman 003579.

Also on the day of the FBI raid, a high-level Edelman executive claimed: "No doubt the media pressure we've applied has played a role", to which another executive responded: "Very cool." Ex. L, at Edelman 003595.

Also on the day of the FBI raid, Edelman employees, after stating that the effects of the raid "will likely halt trading [in UDF stock] soon", discussed a strategy to "amplify the negative stories." Ex. H, at Edelman 003575.

Also on the day of the FBI raid, Edelman told the *Dallas Morning News* that "this will have a big impact on the local real estate community." Ex. M, at Edelman 003659.

Also on the day of the FBI raid, Edelman gloated that it had also "ensured that UDF's SEO is permanently ruined—quite the tally. Congrats." Ex. N, at Edelman 003665.) "SEO" refers to search engine optimization to cause a website to receive traffic from internet visitors, meaning that Edelman had ensured that UDF's website would have little to no visibility on the internet in order to prevent interested persons from hearing UDF's side of the story.

On the day after the raid, Edelman identified the "*revised objectives for media coverage, post-raid, are primarily to feed the negative news cycle until trading opens again. Chris Kirkpatrick [Hayman's then-general counsel] believes trading will open, and the goal for that day, is for the shares to continue to drop, not rise. When the shares get below \$2, Hayman will likely sell.*" Ex. O, at Edelman 003736 (emphasis added).

A couple weeks after the FBI raid, an Edelman memorandum stated:

If trading resumes, these steps will support our PR efforts, which will provide continued pressure on the stock price. This will support the unwinding of Hayman's short position, suppressing the overall stock price and further maximizing Hayman's profits for this campaign.

Ex. P, at Edelman 004222. Thus, Hayman and Edelman had an explicit understanding that Edelman's "PR efforts" were designed to "suppress" UDF's stock price to "maximize Hayman's profits."

Hayman and Edelman had been exploring ways to injure UDF from early on. Back on January 5, 2016, an email recited the questions for a Hayman-Edelman call, with the top two items being:

QUESTIONS

1. REGULATORS: What is the state-of-play with the regulators: SEC? FBI? States/district attorneys?
2. MOAYEDI: Is Moayedhi a way to break the log jam? Is he susceptible to pressure? Can he be inclined to talk in exchange for not being the focus of the inquiry?

Ex. B, at Edelman 00903. The first item above speaks for itself. The second item refers to Mehrdad Moayedhi, the CEO of Centurion, which was UDF's largest borrower. As stated, Hayman sought to "pressure" Moayedhi and continues to harass him to this day.

Even after Hayman and Edelman had substantially accomplished their first two objectives (drive UDF's stock to zero and push the SEC and FBI to act), they kept working to attack UDF, including on the third business objective—to interfere with UDF's relationships with auditors and accountants. Much later, in August 2016, Hayman and Edelman conceived a "UDF Exposed Paid Promotion Strategy" to target Eisner Amper, UDF's then-auditor:

Based on LinkedIn's targeting parameters, Edelman will be able to promote content that would reach a highly qualified audience of accountants and auditors in the Dallas-Fort Worth area. The audience will be targeted to specifically include individuals that:

- Have accounting or audit job titles and are based in the Dallas-Fort Worth area; or
- Have EisnerAmper listed as their current employer.

Ex. R, at Edelman 004611. But Hayman and Edelman did not stop with Eisner Amper, also targeting other accountants that UDF might potentially retain by communicating disparaging blog posts and tweets concerning UDF to those larger accounting world: “We will want all tweets / blog posts to be as appealing as possible for auditors/accountants... think clickbait for numbers nerds. I talked to Parker [Lewis] about potentially running copy through any of his/our friendly accounting contacts to ask what would be the best ‘hook’ for them.” Ex. S, at Edelman 004643. Edelman stated in an August 10, 2016 email that the idea of “targeting accountants” had received “considerable love from the client.” Ex. Q, at Edelman 004510.

In continuing to attack UDF in August 2016, Edelman worried people would think Hayman was “acting desperate because YTD [year-to-date] performance is awful and outflows are swelling.” *Id.*

III. ARGUMENT

The new evidence supports a ruling by this Court that there is no privilege between Hayman and Edelman and, moreover, that any disclosure by Hayman to Edelman of privileged information waived any privilege.

While UDF stands by its prior briefing challenging Hayman’s assertion of privilege over Hayman-Edelman communications on its May 2, 2018 log, three things have changed. First, Hayman’s privilege claims have expanded; the Hayman-UDF privilege dispute now encompasses many more documents on a second privilege log as well as documents not yet included on any privilege log. A finding that no privilege exists, or was waived to the extent it exists, will efficiently and promptly resolve all of these privilege issues. Second, UDF has obtained stunning new discovery that sheds new light on Hayman’s purported basis for claiming privilege over Edelman documents. In light of this new evidence, Hayman’s assertions in its prior briefing and affidavits concerning the May 2, 2018 privilege log are untenable. Third,

Edelman possesses documents over which Hayman claims privilege and which Edelman is under a court order to produce, and none of the prior briefing concerning Hayman's claims of privilege in its May 2, 2018 log extends to documents that Edelman was ordered by the Court to produce at a hearing this year on September 4. After the Court's September 4 ruling, Edelman produced its first tranche of documents on December 29, 2020 and has yet to produce the remaining documents. UDF has need of this highly probative evidence.

In short, subsequent to its initial claims of privilege over a limited universe of documents back in 2018, Hayman's claims of privilege over Edelman documents have expanded and the evidence has changed. The Court should resolve whether Hayman is entitled to withhold Edelman documents as privileged in light of the revelation of the true objectives of the Hayman-Edelman retention.

A. **The new evidence reveals the true purposes of the Hayman-Edelman retention, which are in stark contradiction to the purposes stated in the affidavit of Kyle Bass that were used to support Hayman's privilege claims.**

While Hayman had Kyle Bass submit an affidavit swearing that Edelman was there to facilitate the rendition of legal services by Chris Kirkpatrick, Kirkpatrick has never said that. Kirkpatrick, a Dallas lawyer and Hayman's general counsel at the time, has never submitted any affidavit concerning any way in which Edelman was retained to render legal services by him. The lack of an affidavit from Kirkpatrick has always been striking, but it is all the more so in light of the following new evidence:

- **IMPORTANT FOR ALL** Revised objectives for media coverage, post-raid, are primarily to feed the negative news cycle until trading opens again. Chris Kirkpatrick believes trading will open, and the goal for that day, is for the shares to continue to drop, not rise. When the shares get below \$2, Hayman will likely sell.

Ex. O, at Edelman 003736. In this email, the objective underlying the relationship of Kirkpatrick and Edelman is revealed, and it is *not* the rendition of legal services. Rather, the "goal" is to get

the shares below \$2 per share and then sell by feeding the “negative news cycle trading opens again.” *Id.*

This evidence of Chris Kirkpatrick’s goal of feeding negative information to the media regarding UDF is consistent with the stated Hayman-Edelman objectives: “Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining auditor prior to March 1 earnings report.” Ex. E, at Edelman 003312.

In claiming that Hayman could claim privilege over Edelman documents, Bass swore that its objectives were not just lawful, but altruistic:

Hayman’s analysis and examination of UDF led it to determine that, ***as an investor and for the benefit of the market and the public***, it could not stand idly by while UDF conducted certain activities. As a result, Hayman engaged the services of Daniel J. Edelman, Inc. (“Edelman”) for strategic counsel in messaging and communications development, outreach support and coordination, and assistance in promulgating certain conclusions Hayman had reached regarding UDF’s business activities.

April 25, 2018 Affidavit of J. Kyle Bass (“April 25 Bass Aff.”), ¶ 6 (emphasis added). And Bass further swore that Kirkpatrick was communicating with Edelman to achieve these ends. *Id.*; *see also* January 25, 2018 Affidavit of J. Kyle Bass (January 25 Bass Aff.), ¶ 26 (“Hayman also engaged the counsel of marketing and public relations firm Edelman in connection with the Website [i.e., www.udfexposed.com], to ensure that it conveyed its message with the utmost professionalism.”).

The new evidence shows that the purpose of Edelman’s retention was not, as Bass swore, to benefit the market and the public, but rather to benefit Hayman’s short position by driving UDF stock to zero while causing UDF investors to sell in volume.

B. In light of the now-revealed objectives of the Edelman retention, Hayman cannot claim privilege over Hayman-Edelman communications.

Hayman's first and only retention of Edelman was for the UDF attack. Thus, Edelman was not a longtime trusted adviser. Its retention had clear objectives: "Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining auditor prior to March 1 earnings report." Ex. E, at Edelman 003312.

Hiring a public relations firm to accomplish these three business objectives is not a basis for claiming privilege. While there is no Texas authority examining the applicability of the attorney-client privilege to public relations firms, there is no state or federal case in the United States that would support the applicability of privilege to a public relations firm being used to drive down stock price, push regulatory bodies to act, and prevent the target company from retaining an auditor.

Burnishing a client's image is not considered a basis for claiming privilege over a public relations firm's activities. *See Egiazaryan v. Zalmayev*, 290 F.R.D. 421, 431 (S.D.N.Y.2013) (no privilege for public relations consultant "was not called upon to perform a specific litigation task that the attorneys needed to accomplish in order to advance their litigation goals—let alone a task that could be characterized as relating to the 'administration of justice.' Rather, *it was involved in a wide variety of public relations activities aimed at burnishing [client's] image.*") (emphasis added). It makes even less sense to apply the privilege to a public relations campaign to tarnish someone else's image, as opposed to burnishing one's own image.

Courts around the country have required more than mere usefulness or convenience in retaining a public relations firm where privilege is claimed; instead, the party claiming privilege must show that the involvement of the third party was nearly indispensable or served a specialized purpose in facilitating attorney-client communications. *See, e.g., Behunin v.*

Superior Court, 9 Cal.App.5th 833, 848 (2017) (discussing cases from around the country and finding that “[t]he ‘necessity’ element means *more than just useful and convenient*, but rather requires that the involvement of the third party *be nearly indispensable or serve some specialized purpose* in facilitating the attorney-client communications”) (emphasis added).

Here, Edelman served no purpose at all in facilitating attorney-client communications, much less was indispensable to facilitating them or served a specialized purpose of facilitating them. Instead, Hayman and its general counsel Kirkpatrick were explicitly relying on Edelman to assist in driving down UDF’s stock price to \$2-\$3 per share so Hayman could close its short position at a massive profit. *See* Ex. J, at Edelman 003587.

In this context, allowing Hayman to claim privilege over Edelman communications would serve only to suppress truth, not protect genuine attorney-client communications.

Moreover, to the extent Hayman disclosed any bona fide attorney-client information to Edelman, then it waived its right to claim privilege. Tex. R. Evid. 511. Information was not transmitted to Edelman to assist in rendering legal services; to the contrary, Hayman transmitted information to support Edelman’s public relations campaign against UDF. Hayman had no need to transmit any privileged and confidential information to its public relations agent.

The same is true of work product: “[T]he materials must result from the conduct of investigative or analytical tasks to aid counsel in preparing for litigation. Thus, public relations advice, even if it bears on anticipated litigation, [generally] falls outside the ambit of the work product doctrine. Additionally, the work product doctrine does not extend to public relations activities even if they bear on the litigation strategy because *the purpose of the rule is to provide a zone of privacy for strategizing about the conduct of litigation itself, not for strategizing about the effects of the litigation on the client’s customers, the media, or on the public generally.*”

Egiazaryan, 290 F.R.D. at 435 (emphasis added) (quotations omitted). Under general Texas law, attorney work product protection is waived by disclosure. *See, e.g., Axelson, Inc. v. McIlhany*, 798 S.W.2d 550, 553-54 (Tex. 1990) (waiver applied to assertion of attorney-client privilege and work product protection).

Here, any disclosure of work product was not to aid counsel in preparing for litigation; it was to aid in driving down UDF's stock price. As with attorney-client privilege, the Hayman-Edelman communications are not attorney work product and, to the extent any work product was disclosed to Hayman, that waived any claim of work product.

C. The Court should order the immediate production of all Hayman-Edelman documents, whether on a privilege log or not yet logged.

There are an unknown number of documents prepared for production by Edelman, in response to the Court's order compelling Edelman to comply with the subpoena, over which Hayman now claims privilege. These documents are not yet logged on any privilege log.

As to emails that have been logged in response to document requests to Hayman, it has claimed privilege over emails by way of (1) a privilege log dated May 2, 2018, (2) a privilege log dated November 16, 2020. *See Sommer Dec.*, ¶¶ 3-4.

None of these emails, whether logged or unlogged, should be withheld as privileged.

The Court should order the immediate production of (1) all documents responsive to the Edelman subpoena which have been withheld pursuant to Hayman's claim of privilege, and (2) all documents on Hayman's two privilege logs that involve communications to or from Edelman.

IV. CONCLUSION

For the foregoing reasons, the Court should grant UDF's motion to compel and order the immediate production of (1) all documents responsive to the Edelman subpoena which have been

withheld pursuant to Hayman's claim of privilege, and (2) all documents on Hayman's two privilege logs that involve communications to or from Edelman.

DATED: January 20, 2021

Respectfully submitted,

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HALLETT & PERRIN, P.C.

1445 Ross Avenue, Suite 2400

Dallas, Texas 75202

Telephone: (214) 953-0053

Facsimile: (214) 922-4142

ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF CONFERENCE

Counsel for movant and counsel for respondents have personally conducted a conference at which there was a substantive discussion of every item presented to the Court in this motion and despite best efforts the counsel have not been able to resolve those matters presented.

Certified to the Day of January 20, 2021 by

/s/ Jonathan E. Sommer
Jonathan E. Sommer

CERTIFICATE OF SERVICE

I hereby certify that, on this 20th day of January, 2021, a true and correct copy of the above and foregoing document has been served in accordance with the Texas Rules of Civil Procedure on the following counsel of record:

Cole B. Ramey
Karly Rodine
Patrick J. Carew
Raymond T. Fischer
Kilpatrick Townsend & Stockton LLP
2001 Ross Avenue, Suite 4400
Dallas, Texas 75201

Lawrence J. Friedman
James R. Krause
Jason H. Friedman
Friedman & Feiger, L.L.P.
5301 Spring Valley Road, Suite 200
Dallas, Texas 75254

Jeffrey M. Tillotson
Jonathan R. Patton
J. Austen Irrobali
Benjamin L. Nabors
Tillotson Law
1807 Ross Avenue, Suite 325
Dallas, Texas 75201

/s/ Jonathan E. Sommer
Jonathan E. Sommer

NOT FOR PUBLIC FILING—FOR USE OF COURT AND ITS STAFF ONLY

CAUSE NO. CC-17-06253-C

UNITED DEVELOPMENT FUNDING, L.P.,	§	IN THE COUNTY COURT
A DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING II,	§	
L.P., A DELAWARE LIMITED	§	
PARTNERSHIP; UNITED DEVELOPMENT	§	
FUNDING III, L.P., A DELAWARE	§	
LIMITED PARTNERSHIP; UNITED	§	
DEVELOPMENT FUNDING IV, A	§	
MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
DEVELOPMENT FUNDING INCOME	§	
FUND V, A MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
MORTGAGE TRUST, A MARYLAND	§	
REAL STATE INVESTMENT TRUST;	§	
UNITED DEVELOPMENT FUNDING	§	
LAND OPPORTUNITY FUND, L.P., A	§	AT LAW NO. 3
DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING	§	
LAND OPPORTUNITY FUND	§	
INVESTORS, L.L.C., A DELAWARE	§	
LIMITED LIABILITY COMPANY	§	
	§	
Plaintiffs,	§	
v.	§	
	§	
J. KYLE BASS; HAYMAN CAPITAL	§	
MANAGEMENT, L.P.; HAYMAN	§	
OFFSHORE MANAGEMENT, INC.;	§	
HAYMAN CAPITAL MASTER FUND, L.P.;	§	
HAYMAN CAPITAL PARTNERS, L.P.;	§	
HAYMAN CAPITAL OFFSHORE	§	
PARTNERS, L.P.; HAYMAN	§	
INVESTMENTS, LLC	§	
	§	
Defendants.	§	DALLAS COUNTY, TEXAS

**DECLARATION OF JONATHAN E. SOMMER IN SUPPORT OF PLAINTIFFS’
MOTION TO COMPEL REGARDING HAYMAN’S CLAIMS OF PRIVILEGE WITH
RESPECT TO DANIEL J. EDELMAN, INC.**

I Jonathan E. Sommer, declare and state as follows:

1. I am over eighteen years of age. I have never been convicted of a felony or a crime of moral turpitude. I am of sound mind, and I am fully competent to make this declaration. I make this declaration of my own personal knowledge, except to the extent otherwise stated.

2. I am an attorney for plaintiffs United Development Funding, L.P., et al. (collectively, “UDF”), and I am submitting this declaration in support of UDF’s Motion to Compel Regarding Hayman’s Claims of Privilege With Respect to Daniel J. Edelman, Inc. (“Edelman”).

3. In a May 2, 2018 privilege log served by Defendants J. Kyle Bass et al. (collectively, “Hayman”), Hayman asserted privilege claims over, *inter alia*, certain communications with Edelman. With limited discovery in its possession, UDF moved to compel and challenged some of the assertions of privilege on Hayman’s May 2, 2018 privilege log, including communications with Edelman.

4. In 2020, Hayman produced additional communications with Edelman, and also served a second privilege log on November 16, 2020, which included privilege claims over additional communications with Edelman.

5. On May 6, 2020, UDF served a subpoena on Edelman seeking the production of documents, but Edelman refused to produce any documents in response to the subpoena. Edelman claimed that the subpoena was a speculative fishing expedition. As of December 16, 2020, Edelman had still failed to produce any document in response to the subpoena, and UDF threatened to move to hold Edelman in contempt of court. Finally, on December 29, 2020, Edelman produced its first tranche of documents in response to the subpoena. As of January 19, 2021, Edelman has still not produced the remaining documents responsive to UDF’s subpoena, which I understand to be the majority of Edelman’s production.

6. Exhibit A is intentionally omitted.

7. Attached hereto as Exhibit B is a true and correct copy of an email chain dated January 5, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 000903 – Edelman 000905. The foregoing document has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Agreed Protective Order Regarding the Disclosure and Use of Discovery Materials, signed by the Court on October 20, 2020 (“Protective Order”).

8. Attached hereto as Exhibit C is a true and correct copy of an email chain dated January 9, 2016 to January 10, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 001077 – Edelman 001081. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

9. Attached hereto as Exhibit D is a true and correct copy of an email chain dated February 9, 2016, produced by Edelman in this action and bearing the Bates number Edelman 003309. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

10. Attached hereto as Exhibit E is a true and correct copy of a PowerPoint presentation dated February 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003310 – Edelman 003315. The foregoing document has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order. While the presentation is dated “February 2016,” corresponding metadata produced with the document indicates a date of February 9, 2016.

11. Attached hereto as Exhibit F is a true and correct copy of an email chain dated February 10, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003336 – Edelman 003337. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

12. Attached hereto as Exhibit G is a true and correct copy of an email chain dated February 14, 2016 to February 16, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003510 – Edelman 003512. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

13. Attached hereto as Exhibit H is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003575 – Edelman 003576. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

14. Attached hereto as Exhibit I is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003579 – Edelman 003581. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

15. Attached hereto as Exhibit J is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003587 – Edelman 003588. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

16. Attached hereto as Exhibit K is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003592 – Edelman 003593. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

17. Attached hereto as Exhibit L is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003595 – Edelman 003596. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

18. Attached hereto as Exhibit M is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003659 – Edelman 003662. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

19. Attached hereto as Exhibit N is a true and correct copy of an email chain dated February 18, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003665 – Edelman 003667. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

20. Attached hereto as Exhibit O is a true and correct copy of an email chain dated February 19, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 003735 – Edelman 003736. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

21. Attached hereto as Exhibit P is a true and correct copy of a document dated March 2, 2016, produced by Edelman in this action and bearing the Bates number Edelman 004222. The foregoing document has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

22. Attached hereto as Exhibit Q is a true and correct copy of an email chain dated August 10, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 004525 – Edelman 004526. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

23. Attached hereto as Exhibit R is a true and correct copy of a document dated August 10, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 004615 – Edelman 004616. The foregoing document has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

24. Attached hereto as Exhibit S is a true and correct copy of an email chain dated August 11, 2016, produced by Edelman in this action and bearing the Bates numbers Edelman 004643 – Edelman 004644. The foregoing email chain has been designated as “Confidential – Subject to Protective Order” by Edelman, pursuant to the terms of the Protective Order.

25. Attached hereto as Exhibit T is a true and correct copy of the Protective Order.

26. On December 31, 2020, Ellen Cirangle, counsel for UDF, sent a letter to Edelman’s counsel challenging Edelman’s confidentiality designations on a variety of documents Edelman produced to UDF, including all but two of the Exhibits cited in this motion. On January 14, 2021, Edelman responded to the December 31 letter. Edelman’s position is that, with respect to the exhibits identified in Ms. Cirangle’s letter that are submitted with this motion, the exhibits are properly designated confidential under the Protective Order.

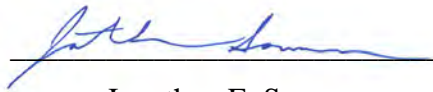
27. On January 15, 2021, I met and conferred by telephone with Hayman’s counsel about the issues raised in UDF’s motion to compel, and with Edelman’s counsel regarding whether Edelman would agree to remove its confidentiality designations so that the exhibits (and

references thereto in the motion to compel) could be publicly filed, but the parties were not able to resolve any of the issues.

JURAT:

“My name is Jonathan E. Sommer, my date of birth is April 7, 1970, and my office address is Lubin Olson & Niewiadomski LLP, 600 Montgomery Street, 14th Floor, San Francisco, California. I declare under penalty of perjury that the foregoing is true and correct.”

Executed on the 20th day of January, 2021 in Washington County, Minnesota.



Jonathan E. Sommer

Exhibit B

Message

From: Campbell, Rob [Rob.Campbell@edelman.com]
Sent: 1/5/2016 6:37:36 PM
To: Zilka, Jeff [Jeff.Zilka@edelman.com]; Geller, Mike [Mike.Geller@edelman.com]; @Edelman Hayman Capital Team [EdelmanHaymanCapital@edelman.com]
Subject: RE: Documents for Tomorrow
Attachments: Hayman Capital Edelman Meeting Questions 01 06.docx

Updated Qs attached and below.

QUESTIONS

1. REGULATORS: What is the state-of-play with the regulators: SEC? FBI? States/district attorneys?
2. MOAYEDI: Is Moayed a way to break the log jam? Is he susceptible to pressure? Can he be inclined to talk in exchange for not being the focus of the inquiry?
3. DEBT HOLDERS: In all of the UDF funds, there were ≈10% of the loans to "other"? Are any of these legitimate institutional/individual borrowers who could be allies? Who else has skin in the game?
4. GOVERNMENT FUNDING: Did UDF take any government money for any of its projects? HUD Section 8/multi-family funds?
5. EXPOSURE: Also who is really getting hurt here? Hayman is short. But who has long exposure in one form or another that is getting screwed. Is it the little guy or institutional investors. Fine if the latter but the former is more appealing.
6. APPROVALS: What is the document approval process? Parker and counsel, yes. Kyle, too? External counsel also?
7. OUTSIDE COUNSEL: Have you considered contracting Edelman through your outside counsel?

From: Zilka, Jeff
Sent: Tuesday, January 5, 2016 6:32 PM
To: Geller, Mike; Campbell, Rob; @Edelman Hayman Capital Team
Subject: RE: Documents for Tomorrow

We did not. We should actually have this conversation with Parker tomorrow. Rob, if you haven't compiled the internal questions yet, pls add this one. Tx.

From: Geller, Mike
Sent: Tuesday, January 05, 2016 6:29 PM
To: Zilka, Jeff; Campbell, Rob; @Edelman Hayman Capital Team
Subject: RE: Documents for Tomorrow

Did we contract through their outside counsel?

----- Original message -----

From: "Zilka, Jeff" <Jeff.Zilka@edelman.com>
Date: 01/05/2016 7:16 PM (GMT-05:00)
To: "Geller, Mike" <Mike.Geller@edelman.com>, "Campbell, Rob" <Rob.Campbell@edelman.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:

Subject: RE: Documents for Tomorrow

Another question: What is the document approval process? Parker and counsel, yes. Kyle, too? External counsel also?

From: Geller, Mike
Sent: Tuesday, January 05, 2016 5:56 PM
To: Zilka, Jeff; Campbell, Rob; @Edelman Hayman Capital Team
Subject: RE: Documents for Tomorrow

Also who is really getting hurt here? Hayman is short.
But who has long exposure in one form or another that is getting screwed. Is it the little guy or institutional investors. Fine if the latter but the former is more appealing.

----- Original message -----

From: "Zilka, Jeff" <Jeff.Zilka@edelman.com>
Date: 01/05/2016 6:51 PM (GMT-05:00)
To: "Campbell, Rob" <Rob.Campbell@edelman.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: RE: Documents for Tomorrow

Questions:

What is the state-of-play with the regulators: SEC? FBI? States/district attorneys?

Is Moayedhi a way to break the log jam? Is he susceptible to pressure? Can he be inclined to talk in exchange for not being the focus of the inquiry?

In all of the UDF funds, there were ≈10% of the loans to "other"? Are any of these legitimate institutional/individual borrowers who could be allies? Who else has skin in the game?

Did UDF take any government money for any of its projects? HUD Section 8/multi-family funds?

From: Campbell, Rob
Sent: Tuesday, January 05, 2016 5:06 PM
To: @Edelman Hayman Capital Team
Subject: Documents for Tomorrow

Hello all,

Just wanted to follow up on any documents and/or questions you would like me to print or compile for tomorrow. So far I only have the microsite document and the contact sheet.

@Justin- You are now are part of this email distribution list.

Many thanks,
Rob

Rob Campbell

Edelman Digital | 1845 Woodall Rodgers Freeway, Suite 1200 | Dallas, TX, 75201

o: +1-214-443-7578 | m: +1-214-701-9677 | w: www.edelman.com

Exhibit C

Message

From: Zilka, Jeff [Jeff.Zilka@edelman.com]
Sent: 1/10/2016 2:43:19 PM
To: Frakes, Justin [Justin.Frakes@edelman.com]; @Edelman Hayman Capital Team [EdelmanHaymanCapital@edelman.com]
Subject: Pls review this Hayman Capital deck. Next steps overall
Attachments: UDF Summary Presentation (1 8 16) Draft- jf-Han+iz_01_10_16.pptx

Folks,

I had time to go over the deck and make the changes I wanted to make. See attached.

Ted, Chris, et al, any edits?

If you're good with this, Justin, can you send back to Karen Schmidt and Maureen Condon so Han (designer in Shanghai) can make the changes?

Tx,

Jeff

From: Zilka, Jeff
Sent: Sunday, January 10, 2016 10:44 AM
To: Frakes, Justin; @Edelman Hayman Capital Team
Subject: Hayman Capital deck back from the designer. Next steps overall

Justin,

Han (the designer) did a good job. Here's what I think the deck needs:

- It needs a careful read. I saw about a half dozen word edits/typos that need to be fixed, not misspellings, but sentence syntax that needs to be fixed. I don't want a reporter or UDF coming back to us to say that the presentation is "sloppy." Nothing huge, but important.
- There are also some design tweaks that I'd like made.

Would you be willing to meet by phone this afternoon, ideally between 2pm-3pm or 4pm-5pm for 15 mins to go through the deck?

Chris, Rob, Greg,

In the interest of time, and bcs you guys are focused on the design of the website, I want to share this designed deck with you. The chief changes are in the color scheme and simplification of some of the visuals. IMHO, the chief things we need to do to harmonize the webpage and this deck are to a) both use the same Hayman Capital color palette, and b) use the same font.

Ted, Chris,

I will edit Q&As (Ted) and messages (Chris) this afternoon.

Mike,

I don't know whether Kyle heard from Zuckerman on Friday. I suspect now. Chris, we need to f/up with him on that. Assuming Zuckerman is a "no," Mike, we need to focus on which reporters we want to reach out to and in what sequence. Let me know if you want to talk.

Tx,

Jeff

From: Frakes, Justin
Sent: Sunday, January 10, 2016 2:45 AM
To: Zilka, Jeff
Subject: Fwd: Re: PPT deck

Hi Jeff,

I've taken a quick look and am really impressed with the work and quick turnaround.

Do you want to review before we share with the group or just accumulate all the feedback for the designer?

Justin

----- Forwarded message -----

From: "Schmidt, Karen" <Karen.Schmidt@edelman.com>
Date: Jan 9, 2016 6:11 PM
Subject: Re: PPT deck
To: "Frakes, Justin" <Justin.Frakes@edelman.com>
Cc: "Condon, Maureen" <Maureen.Condon@edelman.com>

Hi Justin,

I'm headed home soon to review, but please share with Jeff and relay your feedback. I will incorporate that in my design direction to Han. Overall, I think it looks pretty good.

Thanks,
Karen

From: Frakes, Justin
Sent: Saturday, January 9, 2016 1:44:24 PM
To: Schmidt, Karen
Cc: Condon, Maureen
Subject: RE: PPT deck

Karen,

Do you know when you'll have a chance to review? I know Jeff will want to take a look, then share with the rest of the account group today for feedback.

Thanks,

Justin

From: Schmidt, Karen
Sent: Saturday, January 9, 2016 7:58 AM
To: Han Hsu
Cc: Condon, Maureen; Frakes, Justin
Subject: Re: PPT deck

Hi Han,

I will review now. Also, I will take some time today to gather some direction for you regarding the ponzi scheme "icon". The team has sent me the 2 page fact sheet and case studies, so I will have those for you as well. Have a great night and talk to you tomorrow. What time would you like to start / connect?

Justin, let me review this before sharing with Jeff. I will touch base with you and Jeff later today.

Thanks much!

Karen

From: Han Hsu <hanhsu178@yahoo.com>
Reply-To: Han Hsu <hanhsu178@yahoo.com>
Date: Saturday, January 9, 2016 at 3:55 AM
To: Karen Schmidt <Karen.Schmidt@edelman.com>
Cc: "Condon, Maureen" <Maureen.Condon@edelman.com>, "Frakes, Justin" <Justin.Frakes@edelman.com>
Subject: Re: PPT deck

Hi Karen,

Attached is the revised deck. Let me know how it looks. I'd like to chat with you more about designing the Ponzi icon tomorrow before I start on that.

Talk soon,

Han

On Saturday, January 9, 2016 7:51 AM, "Schmidt, Karen" <Karen.Schmidt@edelman.com> wrote:

Hello Han

This is an attack on a company that is involved in a Ponzi scheme. Is there an icon that we can create that represents a Ponzi scheme... Pyramid-like. I will pull some swipec for you, please focus on the deck first. This does not need to look like UDF IV, use fonts and colors indicated below. There is no set template, so feel free. It should be simple and direct. It will live on a microsite warning folks of this company.


There are notes within the deck for you, but as always, feel free to call with questions. Tomorrow we will have a 2-page fact sheet (done in word) that will mimic the design of this PPT. We are also hoping to get you the case studies and appendix to work on.


Attached is the deck.


Here is the UDF Capital [website](#).

Here is the font and color scheme and hierarchy of them:

- Font: Calibri
- Investor Presentation Color Hierarchy:


- o RGB: 55 / 96 / 146 


- o RGB: 79/129/189 


- o RGB: 155/187/89 


I suggests the top 3 at most. But you can use these secondary colors if you need more for charts or graph.


Use red selectively as a danger color.

o RGB: 247/150/70 

o RGB: 75/172/198 

o RGB: 217/217/217 

o RGB: 192/80/77 

o RGB: 128/100/162 

Thanks Han!

Karen

Karen Schmidt | Design Director

w 312.240.2922 | m 312.375.1026

200 East Randolph Drive, Chicago, IL 60601

karen.schmidt@edelman.com

Exhibit D

Message

From: Campbell, Rob [Rob.Campbell@edelman.com]
Sent: 2/9/2016 7:00:41 PM
To: Holmes, Allie [Allie.Holmes@edelman.com]
Subject: RE: Hayman Capital presentation
Attachments: Hayman Capital Overview.pptx

Thanks, Allie! Updated deck attached. Let me know your thoughts

From: Holmes, Allie
Sent: Tuesday, February 9, 2016 9:33 AM
To: Campbell, Rob
Subject: Re: Hayman Capital presentation

You are a dream. This is perfection.

The only thing I'd add is one slide between situation overview and results, so we can frame up the business and comms objectives, then very literally pay off with results, and just a couple of bullets explaining strategy and activation.

Comms objective: Reveal Kyle Bass' latest short, and the business at the heart of a Texas based billion-dollar ponzi scheme

Business objective: Drive stock to zero OR push regulatory bodies, like the SEC, to act

Strategy: Leverage massive body of Hayman research to reveal the true story behind Kyle Bass's latest short, to educate media, incite public interest, and support Federal and regulatory investigation

Activation:

Content released to influencers/academics via UDFExposed.com at annual investor meeting in NYC

Exclusive break to traditional/online media, followed by media blitz in NY, DC, Dallas

Bolstered by paid via content promotion via Twitter and Google AdWords and follower acquisition

Supported by daily content postings, via UDFExposed.com

From: Rob Campbell <Rob.Campbell@edelman.com>
Date: Tuesday, February 9, 2016 at 9:05 AM
To: admin <Allie.Holmes@edelman.com>
Subject: Hayman Capital presentation

Hey Allie- Here is what I have so far for Thursday's presentation. I thought we could spend the bulk of our time walking through the website and then finish with three quick results slides.

Let me know your thoughts!

Rob Campbell

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o: +1-214-443-7578 | m: +1-214-701-9677 | w: www.edelman.com

Exhibit E

EDELMAN DALLAS

HAYMAN CAPITAL

February 2016





SITUATION OVERVIEW



HAYMAN CAPITAL MANAGEMENT LP PRESENTS

UDF^{Exposed}

How a Texas Real Estate Developer Built a Billion Dollar House of Cards

"Almost like the game of musical chairs, I suspected that the music would soon end and investors in the Dallas-based REIT would be left with no chair." – Forbes, Brad Thomas

HOME LETTER FROM KYLE BASS KEY FACTS MYTH VS. REALITY NEWS & RESEARCH TAKE ACTION Q

< Forbes >



OBJECTIVES



Communications Objective: Reveal Kyle Bass' latest short, and the business at the heart of a Texas based billion-dollar Ponzi-like real estate scheme.

Business Objectives: (1) Drive stock to zero, (2) push regulatory bodies (SEC, FBI) to act or (3) prevent UDF from retaining an auditor prior to March 1 earnings report.

Strategy: Leverage Hayman Capital research to reveal story behind short, educating media, inciting public interest and supporting Federal and regulatory investigation.

Activation:

- Content released to influencers/academics via UDFexposed.com at annual investor meeting in NYC
- Exclusive break to traditional/online media, followed by media blitz in NY, DC, Dallas
- Bolstered by paid via content promotion via Twitter and Google AdWords and follower acquisition
- Supported by daily content postings, via UDFExposed.com



EARNED RESULTS



167K

media impressions

7.3M

social impressions

FORTUNE

**BUSINESS
INSIDER**

Star-Telegram

ThinkAdvisor

Forbes

Bloomberg

Seeking Alpha

benzinga

ValueWalk

The Dallas Morning News



SHARE PRICE



United Development Funding IV (NASDAQ:UDF)

Add to portfolio

5.62 -4.58 (-44.90%)

Real-time: 2:47PM EST
NASDAQ real-time data Disclaimer
Currency in USD

Range	6.21 - 10.24	Div/yield	0.14/26.42	GPI	0
52 week	6.21 - 19.00	EPS	1.84		
Open	10.13	Shares	30.67M		
Vol / Avg	311,760.00/215,789.00	Beta	-		
Mkt cap	218.55M	Inst. own	25%		
P/E	3.37				



5

*Results from launch on February 5 at 2:47pm ET.

↓ FINANCIAL RESULTS



-30%

drop in 1-day share price

\$13.75M

estimated 1-day gain

1,963%

increase in 1-day trading volume

Exhibit F

Message

From: Suvanto, Lex [Lex.Suvanto@edelman.com]
Sent: 2/10/2016 9:14:22 AM
To: Geller, Mike [Mike.Geller@edelman.com]; Myers, Rich [Rich.Myers@edelman.com]
Subject: RE: Hayman

Awesome.

From: Geller, Mike
Sent: Wednesday, February 10, 2016 10:08 AM
To: Myers, Rich; Suvanto, Lex
Subject: Hayman

Apparently Richard had dinner last night with Kyle Bass...good feedback as noted below.

----- Original message -----

From: Parker Lewis <PL@haymancapital.com>
Date: 02/10/2016 6:55 AM (GMT-08:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: FW: Hayman Market Commentary on China - February 2016

Team - just as a heads up, we sent this market commentary on China to our investors. It may make the rounds so wanted to make sure you were aware. Kyle hasn't sent something out like this in over two years (since before the big devaluation of the yen).

Also – kyle had dinner with Richard Edelman last night in San Francisco, he sang the praises of your team. We all appreciate both the hard work and exceptional quality of everyone's collective efforts.

I am working to finalize the case study on Deficiency Notes which we would like to post to the website tomorrow (think it would make sense to target putting 1 new case study out each week, consistently on the same day during the week so that we can establish a pattern that people come to expect/check the website).



Parker Lewis

Hayman Capital Management, L.P.

2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct

512.699.7480 Mobile

PL@HaymanCapital.com

From: Hayman Investor Relations
Sent: Wednesday, February 10, 2016 8:12 AM
Subject: Hayman Market Commentary on China - February 2016
Importance: High

Limited Partners,

Please find attached Hayman Capital Management's market commentary on China. Feel free to contact me with any questions.

Regards,

Steele Schottenheimer

Managing Director- Investor Relations

Hayman Capital Management, L.P.

2101 Cedar Springs Road, Suite 1400

Dallas, TX 75201

Direct: 214.347.8045

Fax: 214.347.8051

Email: ss@haymancapital.com

Exhibit G

Message

From: Holmes, Allie [Allie.Holmes@edelman.com]
Sent: 2/16/2016 5:49:24 PM
To: Zilka, Jeff [Jeff.Zilka@edelman.com]
Subject: FW: Hayman Objectives, Strategy Re-set
Attachments: image001.jpg

Hi Jeff -

Any chance you have availability for this strategy session on Thursday AM of this week? Want to push for this to be in an-person meeting with Parker, but want to make sure you're available, before I do.

Greg is available that day, and can cover for Mike, who's out of office this week. At this stage, it would just be you and Greg traveling.

Let me know if you have availability that morning, and I'll push to get it scheduled.

From: admin <Allie.Holmes@edelman.com>
Date: Tuesday, February 16, 2016 at 8:39 AM
To: "@Edelman Capital Team" <EdelmanHaymanCapital@edelman.com>
Subject: Hayman Objectives, Strategy Re-set

Hello Edelman Hayman Cap team -

Hope you had a lovely Presidents' Day weekend.

Parker put some thought to his revised view on objectives and audiences at my request on Friday. Sharing his verbatim response below, as I think it's immediately valuable for the team to understand where his head is at.

For the immediate near-term goals, we already have a national (Bloomberg) and local (DBJ) story in the works.

For the remaining objectives, the next step is to schedule a strategy session with the team, ideally with Parker present, so we're crafting the new way forward together.

What does the team's schedule look like for a strategy session (just 2 hours) this week? In terms of attendees, can we get at least one person representing the following:

- Fin Comms & IR – Jeff's team
- Regulatory – Greg's team
- FinComms media – Mike's team (believe Mike's out this week (?), so perhaps Greg can fill in here)
- Social team (Rob)
- Local team

From: Parker Lewis
Sent: Sunday, February 14, 2016 5:49 PM
To: Holmes, Allie <Allie.Holmes@edelman.com>
Subject: Goals

Allie – hope you've had a good weekend. Below are some thoughts on goals as discussed on Friday

Ultimately. Our primary goal is that investors who own UDF IV sell their shares and sell in volume (this is the goal of any short...selling in volume will cause the price to go down significantly, we don't have a specific target price but we can discuss my thoughts on this).

I don't think a price target is how we should think about the goal, in any case. Our primary goal will likely be achieved by one or a combination of the following events

Events that will lead to investors selling in volume:

Bankruptcy filing

Dividend Cut / Suspension of the dividend

Key Resignations (CFO/COO/board member, Etc.)

Whistleblower speaking (not RCAP whistleblower but someone coming forward from within UDF)

Actions by auditor: pulling historical "unqualified" audits or whistleblower from audit firm (unlikely at this point)

Regulatory Action (have to operate like this does not happen and there is nothing that we can do that will influence this so should not be a focus)

Most immediate near term (controllable) objectives would be to get both a local and national story written that doesn't just repeat what we have put out, but instead, actually offers new information or takes a view, validating what we have put out (thus far, it is just Hayman, alone, raising alarm bells).

Audiences to Target:

Key Stakeholders

<!--[if !supportLists]-->	<!--[endif]-->Auditors
<!--[if !supportLists]-->	<!--[endif]-->Creditors
<!--[if !supportLists]-->	<!--[endif]-->Local business community
<!--[if !supportLists]-->	<!--[endif]-->Nasdaq (as an example: stock exchange could decide to delist the shares if the company is not in Nasdaq compliance)
<!--[if !supportLists]-->	<!--[endif]-->Potential whistleblowers
<!--[if !supportLists]-->	<!--[endif]-->Note: we have to be careful about tortious interference so we would not want to directly influence lending banks, auditors or insiders

Investors

<!--[if !supportLists]-->	<!--[endif]-->Retail investors – shares are largely held by retail investors so targeting media that retail will see UDF-related news/events would be helpful
<!--[if !supportLists]-->	<!--[endif]-->Brokers – brokers that sell non-traded REITs/potential brokers that have invested their clients' money in UDF



Parker Lewis

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PL@HaymanCapital.com

Exhibit H

Message

From: Zilka, Jeff [Jeff.Zilka@edelman.com]
Sent: 2/18/2016 12:23:59 PM
To: Geller, Mike [Mike.Geller@edelman.com]; @Edelman Hayman Capital Team [EdelmanHaymanCapital@edelman.com]
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Stock is off 12%. Will likely halt trading soon.

Greg, All – Let's get a strategy to:

- Assemble the adverse coverage and link to it on our site.
- Amplify the negative stories.
- Reach out to key reporters... Bruce Kelly, Investment News... to apprise them of this info.

From: Geller, Mike
Sent: Thursday, February 18, 2016 12:16 PM
To: Parker Lewis; @Edelman Hayman Capital Team
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Exactly what we needed to blow this story wide open

----- Original message -----

From: Parker Lewis <PL@haymancapital.com>
Date: 02/18/2016 1:14 PM (GMT-05:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: FW: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

-----Original Message-----

From: Parker Lewis (HAYMAN CAPITAL MANAG) [<mailto:plewis57@bloomberg.net>]
Sent: Thursday, February 18, 2016 12:14 PM
Subject: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

(NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi ne

+-----+
NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevine
2016-02-18 18:03:27.146 GMT

<http://www.nbcdfw.com/news/business/FBI-Raids-Large-Housing-Financial-Firm-in-Grapevine-369296121.html>

PageExcerpt:

The FBI on Thursday raided the office of a Grapevine company that has financed more than \$1 billion in residential development across Texas, but some say the company operates as a Ponzi scheme.,Agents were seen carrying boxes out of United ...

Exhibit I

Message

From: Marose, Gregory [Gregory.Marose@edelman.com]
Sent: 2/18/2016 12:52:41 PM
To: Agnew, Shea [Shea.Agnew@edelman.com]
Subject: RE: Morning Consult: Wariness Grows Over Non-Traded Real Estate Investments

Thanks, Shea! Good to know about your interest in the space. Most of my friends work in finance as well.

Hopefully we can continue to work on projects together and you can get out to DC.

From: Agnew, Shea
Sent: Thursday, February 18, 2016 12:57 PM
To: Marose, Gregory
Subject: RE: Morning Consult: Wariness Grows Over Non-Traded Real Estate Investments

Score! This is a great foundation/point of reference for the DC tour we talked about... will build that into the plan.

Side note: Most of my friends work on Wall Street (I strayed by going into PR... but this is why I've been excited to get to work in the fincomms space) and I know a guy who may be able to help us with the NOBO list. I can reach out to him before we go pulling favors if you want.

From: Marose, Gregory
Sent: Thursday, February 18, 2016 11:50 AM
To: Parker Lewis (PL@haymancapital.com)
Cc: Holmes, Allie; Agnew, Shea; Geller, Mike
Subject: Morning Consult: Wariness Grows Over Non-Traded Real Estate Investments

Parker: the Morning Consult piece is out. It seems like the exact type of article we'd want to light a fire at S.E.C. without being too obvious or overbearing. Ryan pulled the Ponzi quote from the website and ran Kyle's other direct quote regarding the industry writ large. I like Kyle being called a "financial advocate" and the website being linked to as well.

<http://morningconsult.com/2016/02/wariness-grows-over-non-traded-real-estate-investments/>

Greg

Wariness Grows Over Non-Traded Real Estate Investments

Ryan Rainey | February 18, 2016

With the Obama administration poised to release a final rule aimed at avoiding conflicts of interest for retirement advisers, one type of real estate investment is coming under the microscope for boosting advisers' incomes at the expense of clients.

The fight over the "fiduciary rule" at the Labor Department is heating up on Capitol Hill, with members from both parties worrying that it will be too restrictive and quash the ability of middle class investors to get decent financial advice. The final rule is expected to be released any day now, and several bills are pending in Congress to either alter it or do away with it entirely.

Meanwhile, there is another battle heating up over certain real estate investments that has gotten less attention in Congress and within the Labor Department. It's possible, however, that the two fights could converge into

a broader debate over how much risk regular people should be required to shoulder when investing for retirement, and how much the government should shield them.

Non-traded real estate investment trusts, known in industry parlance as non-traded REITs, are facing scrutiny from regulators and financial advocates like Kyle Bass, the principal of Dallas-based hedge fund Hayman Capital Management, L.P.

The central complaint with non-traded REITs is that brokers sell them to investors, only to get a larger cut of the sale than they would if they sold a market-traded REIT, which essentially provides the same incentives.

Bass recently has launched a public campaign against United Development Funding IV, a Maryland-based, non-traded REIT that he claims practices a “Ponzi-like scheme” and is on the verge of bankruptcy. The criticism is understandable. His hedge fund has taken a short position on UDF. Even so, UDF also faces an investigation from the Securities and Exchange Commission.

Hayman’s market bet against UDF underscores a general wariness about non-traded REITs in general, a broader concern than just the bad actors within the class.

UDF maintains that its “secured loans are underwritten based on collateral value, and UDF IV has not had any realized losses in its portfolio.”

“One of the issues with the industry is that brokers have been incentivized to raise capital almost exclusively by abusive commissions, often sacrificing the best interest of clients as a consequence,” Bass said in a recent email to Morning Consult.

Regulators have increased their scrutiny of non-traded REITs because of their illiquidity and the potential conflicts of interest they present. In an August investor bulletin, the SEC noted this potential conflict.

With non-traded REITs, “the external manager may be paid significant transaction fees by the REIT for services that may not necessarily align with the interests of shareholders, such as fees based on the amount of property acquisitions and assets under management,” the SEC said.

Because of this possibility of a conflict of interest, non-traded REITs could be curbed by the Obama administration’s pending fiduciary rule for retirement investment advisers. The rule is currently awaiting final approval from the Office of Management and Budget, which acts as a regulatory traffic cop for major administration proposals.

The fiduciary rule would require investment advisers to follow tougher regulatory standards by prohibiting them from collecting commissions or variable compensation when selling an investment. There are some specific exemptions listed in the Department of Labor’s proposed rule. As of now, that list doesn’t include non-traded REITs.

The exceptions could change once the rule exits OMB, but so far, this particular investment option hasn’t garnered a lot of attention. A consumer group welcomed the Labor Department’s silence about REITs in comments on the proposed rule last year, but the REITs industry itself was cooler to the proposal.

In comments sent to DOL last summer, the U.S. Chamber of Commerce said that publicly registered, non-traded REITs should be specifically included on the list of exceptions.

“These currently hold billions in retirement assets, contribute to a diversified portfolio, and are relatively transparent and liquid,” David Hirschmann and Randal Johnson of the chamber said in their comments.

The National Association of Real Estate Investment Trusts and the Public Non-Listed REIT Council jointly called on DOL to “permit important investments” like non-traded REITs by adding them to the list of exempt assets. Altogether, though, the groups said they’d prefer to see the list of exemptions eliminated altogether.

Advocates calling for non-traded REITs to be exempted say the assets meet DOL’s proposed criteria for “commonly purchased” investments that “contribute to a ‘basic diversified portfolio’ with investments that are ‘relatively transparent and liquid’ even if there is no ‘ready market price.’”

There is much partisan rancor in Congress over the fiduciary rule itself. That said, the legislative proposals to either preempt or alter the regulation are unlikely to do much to help non-traded REITs, according to one source familiar with the talks on Capitol Hill.

Instead, lawmakers' talks have focused on the exemptions writ large, rather than homing in on what the rule would do to specific financial products, this source said.

A spokesman for Rep. Peter Roskam (R-Ill.), the sponsor of a [House measure aimed at preempting the DOL rule](#), declined to comment on the specific issue of non-traded REITs. Non-traded REITs are not explicitly addressed in his bill, [H.R. 4294](#).

Exhibit J

Message

From: Agnew, Shea [Shea.Agnew@edelman.com]
Sent: 2/18/2016 12:58:35 PM
To: Geller, Mike [Mike.Geller@edelman.com]; Marose, Gregory [Gregory.Marose@edelman.com]; Holmes, Allie [Allie.Holmes@edelman.com]; @Edelman Hayman Capital Team [EdelmanHaymanCapital@edelman.com]
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Business Insider: [Kyle Bass' latest short target got raided by the FBI, and the stock is tanking](#)

From: Geller, Mike
Sent: Thursday, February 18, 2016 12:48 PM
To: Marose, Gregory; Holmes, Allie; @Edelman Hayman Capital Team
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Makes sense to cover. they shorted all the way down.

----- Original message -----

From: "Marose, Gregory" <Gregory.Marose@edelman.com>
Date: 02/18/2016 1:46 PM (GMT-05:00)
To: "Geller, Mike" <Mike.Geller@edelman.com>, "Holmes, Allie" <Allie.Holmes@edelman.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

We close the remaining position at ~\$3...per Parker

From: Geller, Mike
Sent: Thursday, February 18, 2016 1:39 PM
To: Holmes, Allie; @Edelman Hayman Capital Team
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Stock is down 54%.... \$3.20

----- Original message -----

From: "Holmes, Allie" <Allie.Holmes@edelman.com>
Date: 02/18/2016 1:24 PM (GMT-05:00)
To: "Geller, Mike" <Mike.Geller@edelman.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: Re: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Hello all -

I know this has already begun. Let's begin the media blitz immediately, cascading this link to the following

- Start with journo's working in live stories – Bloomberg and DBJ
- Next to media who have postponed stories (WSJ)
- Next to outlets who've already written, seeking updates to their original posts/stories (Fortune, Forbes, BI, DMN, etc.)
- Next to outlets who initially declined to write

Greg – Rob is out sick today. Can your team help us activate digital/paid rollout:

Activate Google Adwords immediately

Re-tweet news as it comes in

Look to push a first tweet with a friendly (possibly a Bloomberg)

From: "Geller, Mike" <Mike.Geller@edelman.com>
Date: Thursday, February 18, 2016 at 12:15 PM
To: Parker Lewis <PL@haymancapital.com>, "@Edelman Capital Team" <EdelmanHaymanCapital@edelman.com>
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Exactly what we needed to blow this story wide open

----- Original message -----

From: Parker Lewis <PL@haymancapital.com>
Date: 02/18/2016 1:14 PM (GMT-05:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: FW: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

-----Original Message-----

From: Parker Lewis (HAYMAN CAPITAL MANAG) [<mailto:plewis57@bloomberg.net>]
Sent: Thursday, February 18, 2016 12:14 PM
Subject: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

(NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi ne

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NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevine
2016-02-18 18:03:27.146 GMT

<http://www.nbcdfw.com/news/business/FBI-Raids-Large-Housing-Financial-Firm-in-Grapevine-369296121.html>

PageExcerpt:

The FBI on Thursday raided the office of a Grapevine company that has financed more than \$1 billion in residential development across Texas, but some say the company operates as a Ponzi scheme. Agents were seen carrying boxes out of United ...

Exhibit K

Message

From: Geller, Mike [Mike.Geller@edelman.com]
Sent: 2/18/2016 1:13:14 PM
To: Marose, Gregory [Gregory.Marose@edelman.com]; @Edelman Hayman Capital Team [EdelmanHaymanCapital@edelman.com]
Subject: RE: Hayman Today

Ok not on the ground until later tonight talk tmrw

----- Original message -----

From: "Marose, Gregory" <Gregory.Marose@edelman.com>
Date: 02/18/2016 1:58 PM (GMT-05:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: Hayman Today

Team –

Per Allie's call right now, Hayman does not want to be too public today. **Mike**-there's a probable reason I can call you about if you want.

I did reach out to Bloomberg and WSJ with the local NBC link. Dave/Heather already have a lot of on-the-record material from Kyle to write if they chose and Zuckerman is looking into this with FBI now.

Other than that, I'll hold on going back to Kelly at Investment News and others. Sounds like we will hold on digital until further direction too.

All this said, we should assume Kyle won't be able to resist calling his pals at BI, Forbes, etc....but that's on him.

From: Geller, Mike
Sent: Thursday, February 18, 2016 1:26 PM
To: Holmes, Allie; @Edelman Hayman Capital Team
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Completely agree

----- Original message -----

From: "Holmes, Allie" <Allie.Holmes@edelman.com>
Date: 02/18/2016 1:24 PM (GMT-05:00)
To: "Geller, Mike" <Mike.Geller@edelman.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: Re: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Hello all -

I know this has already begun. Let's begin the media blitz immediately, cascading this link to the following

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From: "Geller, Mike" <Mike.Geller@edelman.com>
Date: Thursday, February 18, 2016 at 12:15 PM
To: Parker Lewis <PL@haymancapital.com>, "@Edelman Capital Team" <EdelmanHaymanCapital@edelman.com>
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Exactly what we needed to blow this story wide open

----- Original message -----

From: Parker Lewis <PL@haymancapital.com>
Date: 02/18/2016 1:14 PM (GMT-05:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: FW: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

-----Original Message-----

From: Parker Lewis (HAYMAN CAPITAL MANAG) [<mailto:plewis57@bloomberg.net>]
Sent: Thursday, February 18, 2016 12:14 PM
Subject: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

(NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi ne

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NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevine
2016-02-18 18:03:27.146 GMT

<http://www.nbcdfw.com/news/business/FBI-Raids-Large-Housing-Financial-Firm-in-Grapevine-369296121.html>

PageExcerpt:

The FBI on Thursday raided the office of a Grapevine company that has financed more than \$1 billion in residential development across Texas, but some say the company operates as a Ponzi scheme. Agents were seen carrying boxes out of United ...

Exhibit L

Message

From: Suvanto, Lex [Lex.Suvanto@edelman.com]
Sent: 2/18/2016 1:22:08 PM
To: Geller, Mike [Mike.Geller@edelman.com]
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Very cool.

From: Geller, Mike
Sent: Thursday, February 18, 2016 1:18 PM
To: Suvanto, Lex; Myers, Rich
Subject: Fwd: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

The company raised the one that Hayman Capital, our client, alleged is a ponzi scheme. No doubt the media pressure that we've applied has played a role

----- Original message -----

From: "Geller, Mike" <Mike.Geller@edelman.com>
Date: 02/18/2016 1:15 PM (GMT-05:00)
To: Parker Lewis <PL@haymancapital.com>, "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: RE: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Exactly what we needed to blow this story wide open

----- Original message -----

From: Parker Lewis <PL@haymancapital.com>
Date: 02/18/2016 1:14 PM (GMT-05:00)
To: "@Edelman Hayman Capital Team" <EdelmanHaymanCapital@edelman.com>
Cc:
Subject: FW: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

-----Original Message-----

From: Parker Lewis (HAYMAN CAPITAL MANAG) [<mailto:plewis57@bloomberg.net>]
Sent: Thursday, February 18, 2016 12:14 PM
Subject: (NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi

(NS1) NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevi ne

+-----+
NBC Dallas FW: FBI Raids Housing Financial Firm in Grapevine
2016-02-18 18:03:27.146 GMT

<http://www.nbcdfw.com/news/business/FBI-Raids-Large-Housing-Financial-Firm-in-Grapevine-369296121.html>

PageExcerpt:

The FBI on Thursday raided the office of a Grapevine company that has financed more than \$1 billion in residential development across Texas, but some say the company operates as a Ponzi scheme. Agents were seen carrying boxes out of United ...

Exhibit M

Message

From: Halkias, Maria [mhalkias@dallasnews.com]
Sent: 2/18/2016 5:57:22 PM
To: Agnew, Shea [Shea.Agnew@edelman.com]
Subject: Re: Dallas Morning News

Got it, thanks for your help.

Maria Halkias
Staff Writer | The Dallas Morning News
mhalkias@dallasnews.com
Follow me on Twitter @MariaHalkias
www.dallasnews.com
phone: 214-977-8704
cell: 214-912-8108
fax: 214-977-8776

On Thu, Feb 18, 2016 at 5:17 PM, Agnew, Shea <Shea.Agnew@edelman.com> wrote:

Hi Maria—

Some off-the-record background...

As far as talking about the fallout around Centurion's buildings/projects in DFW, Hayman (as a hedge fund) wouldn't be the best source for commentary here. We think it's safe to say that this will have a big impact on the local real estate community, but to be able to have enough information to connect the dots, we suggest you call a bank/speak to your business/RE editors to ask what this means for buildings like the Stoneleigh. Anything that comes from Hayman on this front would be speculative.

Sorry we can't help more here.

Best,

Shea

From: Agnew, Shea
Sent: Thursday, February 18, 2016 4:24 PM

To: 'Halkias, Maria'
Subject: RE: Dallas Morning News

Statement from Hayman Capital (being sensitive to the situation continuing to develop)

“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 February 2, 2016.”

From: Agnew, Shea
Sent: Thursday, February 18, 2016 1:18 PM
To: 'Halkias, Maria'
Subject: RE: Dallas Morning News

From our website ([key facts](#)):

How does UDF raise capital to issue loans?

UDF utilized RCS Capital, a publicly-traded company affiliated with Nicholas Schorsch, through its network of 12,000 independent brokers and financial advisors to sell shares to the public. Numerous news reports linked Schorsch and an affiliated public entity to investigations by the Federal Bureau of Investigation (FBI) and the SEC in late 2014.

Subsequently, one of RCS Capital’s affiliated broker-dealer, Realty Capital Securities, LLC, reached a settlement with the Secretary of the Commonwealth of Massachusetts in December 2015 and agreed to voluntarily withdraw its broker-dealer license in all state and federal jurisdictions. Realty Capital Securities, LLC is currently in the process of membership revocation with FINRA.

RCS Capital announced that it planned to file for bankruptcy protection in January 2016.

From: Agnew, Shea
Sent: Thursday, February 18, 2016 1:15 PM
To: 'Halkias, Maria'
Subject: RE: Dallas Morning News

Hi Maria--

Just want to stress that any info I provided on that call should just be used to give you a background understanding on the situation; we'll have to confirm details you need through Hayman Capital (as what I said may have had holes/not been totally accurate—just giving you my best understanding on the fly here.)

Here's the website that contains Hayman's research about UDF (explore the news/research tab):

<http://udfexposed.com/>

Here's proof UDF used RCS Capital to raise funds:

<http://www.udfonline.com/april-1-2013/>

Here's some info on the recent controversy with RCS:

<http://www.wsj.com/articles/rcs-capital-files-for-chapter-11-bankruptcy-protection-1454289210>

Please let me know what else I can do to help. I'll let you know if Kyle plans on appearing on CNBC/other broadcast or can take questions today.

Best,

Shea

From: Halkias, Maria [<mailto:mhalkias@dallasnews.com>]
Sent: Thursday, February 18, 2016 1:07 PM
To: Agnew, Shea
Subject: Dallas Morning News

Maria Halkias

Staff Writer | The Dallas Morning News

mhalkias@dallasnews.com

Follow me on Twitter @MariaHalkias

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phone: [214-977-8704](tel:214-977-8704)

cell: [214-912-8108](tel:214-912-8108)

fax: [214-977-8776](tel:214-977-8776)

Exhibit N

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.

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

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](#)

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.

Exhibit O

Message

From: Holmes, Allie [Allie.Holmes@edelman.com]
Sent: 2/19/2016 11:40:18 AM
To: Zilka, Jeff [Jeff.Zilka@edelman.com]
Subject: Re: Hayman update, and team next steps
Attachments: image001.png; image002.png

Perfect. Thank you!

From: "Zilka, Jeff" <Jeff.Zilka@edelman.com>
Date: Friday, February 19, 2016 at 11:35 AM
To: admin <Allie.Holmes@edelman.com>, "@Edelman Capital Team" <EdelmanHaymanCapital@edelman.com>
Subject: RE: Hayman update, and team next steps

Allie, completely agree it will be unnecessary if permanently halted, or UDF files bankruptcy. I just don't think it will move quite that quickly. In any event, will hold off committing time. Shea, Tx for the notes sent separately.

From: Holmes, Allie
Sent: Friday, February 19, 2016 11:29 AM
To: Zilka, Jeff; @Edelman Hayman Capital Team
Subject: Re: Hayman update, and team next steps

Hi Jeff - Still relevant, yes, but will not be necessary, if trading is permanently halted, or UDF files bankruptcy.

Shea can send his notes from yesterday's discussion for you to edit, but want to hold off on anyone spending further time here, until we've decided whether to move forward.

From: "Zilka, Jeff" <Jeff.Zilka@edelman.com>
Date: Friday, February 19, 2016 at 11:09 AM
To: admin <Allie.Holmes@edelman.com>, "@Edelman Capital Team" <EdelmanHaymanCapital@edelman.com>
Subject: RE: Hayman update, and team next steps

Allie, the IR stuff that we discussed is still relevant... not immediate or near-term, BUT by March 15, UDF has to report results. Can you per our convo send me your notes and I'll edit them? These initiatives still make sense.

From: Holmes, Allie
Sent: Friday, February 19, 2016 10:49 AM
To: @Edelman Hayman Capital Team
Subject: Hayman update, and team next steps

Good morning Hayman team -

We're running a small war room at Hayman today. Had a chance to debrief with the client, and have some marching orders for the day.

- **Q&A** - Shea is updating the Q&A to reflect yesterday's raid. Any questions that you're getting in multiplicity, pls send our way, so we can align with client on how to respond.

- **IMPORTANT FOR ALL** Revised objectives for media coverage, post-raid, are primarily to feed the negative news cycle until trading opens again. Chris Kirkpatrick believes trading will open, and the goal for that day, is for the shares to continue to drop, not rise. When the shares get below \$2, Hayman will likely sell.
- **Priority media targets** are as follows:
 - **GREG** - National priority is **Bloomberg** – Parker and Chris want this story more than ever. Bloomberg is the only national that has the info Bloomberg is sitting on, and they have access to the whistleblower, and now with the raid, they're hoping this re-engages the reporters, and perhaps even moves the timeline up a bit.
 - **SHEA** - Local priority is **DBJ**, but we're working in tandem with **NBC investigative** – Focus is shifting to Moayeddi now, and Shea is managing this dance like a pro. Goal is to get DBJ to run the Moayeddi quote, and barring that, get Steve to ask Moayeddi questions that will force him to (re)incriminate himself.
- **Administrative** – **GREG/MIKE** - Still lots of consternation about Greg Zuckerman's printing (twice) a factual error -
 - *"Further, 67% of the balance of its loans was made to a single borrower, Texas-based Centurion American Development, or Centurion's affiliates, as of Sept. 30, according to the fund's filings. UDF makes clear in its filings and on its website how many of its loans are made to Centurion and its affiliates." ...*
 - According to both Parker and Chris, this is categorically false, but he's printed it twice. They both believe Greg may not fully understand why this is incorrect, and would like to be able to either explain OR understand why he believes this is true. I've asked them not to be prescriptive about how we make this happen, but I've told them we'll work on getting an answer to where Greg is getting this information, and possibly facilitate a productive/positive discussion to clarify his understanding on what they believe is an important point. **GREG/MIKE** – I would take your recommendation on how we accomplish this.
- **Longer-term strategy**, as discussed yesterday, is on hold for the time being. Will re-evaluate next week, whether we continue, or start to ramp down. Will depend on what happens in the next several days with the share price.
- **Social media/Digital** – on hold for now, as Hayman wants to continue to lay low, and only engage strategically. **ROB** – interested to hear your thoughts on how we advise them here.

Thank you all!



Allie Holmes

Executive Vice President

Edelman Dallas

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+1 214 901 1890 mobile

Exhibit P

CONFIDENTIAL

Date: 3/02/2016
To: Hayman Capital:
From: Edelman:
Cc: Edelman:
Subject: UDF's Current Condition and Hayman Next Steps

Following the raid on its headquarters and a 53% drop in share price, UDF trading halted on February 18. An exchange will halt a stock in nosedive(T6 halt); however, it will generally resume trading the following day. It is also normal for an exchange to halt a stock after a major event, such as an FBI raid on its headquarters. WellCare, ticker WCG, is a good example from 2007 when the FBI raided its offices, and trading halted after a 6% decline. Its nosedive occurred the following day, falling 63% after trading resumed.

In this situation, NASDAQ informed UDF of a T12 trading halt. NASDAQ requested materials from UDF, and, once reviewed, will determine the company's future on the exchange. This review can take anywhere from one day to a couple of months, and even until the end of a parallel investigation by regulators. The situation is clearly murky.

UDF is required to file its annual report within 75 days of the end of the fiscal year. The company does not have an auditor, nor is it likely that they will be able to secure a new vendor prior to the deadline. Additionally, the company released its full year 2014 results on the first Tuesday in March last year, which has already passed this year.

It is unlikely that UDF will resume trading in the short-term, but it is possible following the completion of a NASDAQ review, FBI investigation and auditor hiring process. Edelman has created a plan to prepare for any potential future trading, or ongoing business activity. First, we should continue our media and investor monitoring. We need to be aware of developments as they happen, and what investors are discussing. Additionally, we should link UDFExposed.com to articles written after the FBI raid, informing investors of the status of UDF. It would also be helpful to link to UDF's February 22 8-K filing regarding the FBI raid and NASDAQ halt.

Next, we should develop two pieces of material that will inform UDF investors of top questions they should be asking. The first will consist of five to seven questions investors should ask UDF if/when it holds its 2015 earnings call in March or 2016 annual meeting, generally held in June. These are the top questions management dreads. They will have answers prepared, but they will probably sound rehearsed and unbelievable. The second will be a document – PPT, Press Release, or open letter – issued after the Company's call poking holes in their explanations. Many UDF investors do not have the financial acumen to understand complex financial structures and jargon, giving Hayman the unique opportunity to become their information source.

If trading resumes, these steps will support our PR efforts, which will provide continued pressure on the stock price. This will support the unwinding of Hayman's short position, suppressing the overall stock price and further maximizing Hayman's profits for this campaign.

Exhibit Q

Message

From: Holmes, Allie [Allie.Holmes@edelman.com]
Sent: 8/10/2016 10:46:55 AM
To: Marose, Gregory [Gregory.Marose@edelman.com]
Subject: Re: Draft Post

Yeah, we can, but he's got a decent rationale (at least from my perspective). This isn't a media play, but easier and better to explain in 2 minutes on the phone, than on an email.

From: "Marose, Gregory" <Gregory.Marose@edelman.com>
Date: Wednesday, August 10, 2016 at 10:39 AM
To: admin <Allie.Holmes@edelman.com>
Subject: RE: Draft Post

I'm just wrapping up a never-ending client call. Apologies.

Do you want to try to push back on Parker at the beginning of the call or just let him be

From: Holmes, Allie
Sent: Wednesday, August 10, 2016 11:06 AM
To: Marose, Gregory <Gregory.Marose@edelman.com>
Subject: Re: Draft Post

yup

From: "Marose, Gregory" <Gregory.Marose@edelman.com>
Date: Wednesday, August 10, 2016 at 10:05 AM
To: admin <Allie.Holmes@edelman.com>
Subject: RE: Draft Post

Still around?

From: Holmes, Allie
Sent: Wednesday, August 10, 2016 10:10 AM
To: Marose, Gregory <Gregory.Marose@edelman.com>
Subject: Re: Draft Post

Call me? 214-901-1890

From: "Marose, Gregory" <Gregory.Marose@edelman.com>
Date: Wednesday, August 10, 2016 at 8:39 AM
To: admin <Allie.Holmes@edelman.com>
Subject: RE: Draft Post

Between us, I'm struggling to see the benefit or rationale in continuing to communicate around this. Who are we trying to convince? Once the stock opens back up or is de-listed, Kyle can close the position.

I just wouldn't want anyone thinking Hayman is acting desperate because YTD performance is awful and outflows are swelling.

From: Holmes, Allie

Sent: Wednesday, August 10, 2016 9:18 AM

To: Campbell, Rob <Rob.Campbell@edelman.com>; Marose, Gregory <Gregory.Marose@edelman.com>; Agnew, Shea <Shea.Agnew@edelman.com>

Cc: Manzini, Chris <Chris.Manzini@edelman.com>

Subject: FW: Draft Post

Hey gang –

Hayman wants to start publishing on UDFExposed.com again.

Rob's out this week, so Greg – Would you be able to help us activate a digital strategy for posting and promoting the content attached via social?

We should talk through the objectives live, but from a tactical perspective, Rob's idea of creating blog posts, then targeting accountants working in the DFW area on LinkedIn, had considerable love from the client. So, I'd like to show them how we'd do that, and get their approval on an ad budget to start. We will also need your fincomms expertise to draft the blog posts from this dense 50 slide deck.

I still need to manage Parker's desire to call out the DBJ on page 50, so this is not the final version, but it's 99.9% finalized.

Greg/Shea – Can we hop on the phone with Parker later this AM? He's free at 10:30am/11am CST

From: Parker Lewis <PL@haymancapital.com>

Date: Wednesday, August 10, 2016 at 8:01 AM

To: admin <Allie.Holmes@edelman.com>

Subject: Draft Post

Allie – see attached for review, don't need detailed comments but just wanted you to have a sense for the content. The only thing that I think you may have an issue with is on page 50, last bullet, let's discuss



Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

Exhibit R



To: Hayman Capital
From: Edelman
Date: August 10, 2016
Re: UDF Exposed Paid Promotion Strategy

In advance of the September 12th deadline for UDF's filings, Edelman has developed a proposed paid promotion strategy to successfully target EisnerAmper employees, accountants and auditors in the Dallas-Fort Worth area. In order to specifically target these audiences, Edelman recommends posting the "Is UDF IV a Legitimate Real Estate Investment Trust?" presentation on UDFExposed.com with accompanying blog content that highlights key takeaways from the report. To reach Hayman's target audience, we recommend using promoted LinkedIn or Twitter posts to target the relevant accounts and auditors with this relevant content.

RECOMMENDATION SUMMARY

Given Hayman's desire to push the UDF presentation to a primary audience of accountants and auditors in the Dallas-Fort Worth area, we recommend creating a Hayman Capital LinkedIn channel to run a targeted multi-week campaign. LinkedIn offers Hayman the ability to narrowly target accountants at EisnerAmper and similar firms in the area. Through our experience targeting audiences in financial services and working with LinkedIn, we can develop a hyper-focused campaign based on criteria that may include:

- Industry (e.g. accounting or financial services)
- Job Title (e.g. audit senior or staff accountant)
- Skills and Expertise (e.g. accounting or financial analysis)
- Current Company (e.g. EisnerAmper)
- Geography (e.g. Dallas/Fort Worth Area)

LINKEDIN TACTICS AND CAMPAIGN MEASUREMENT

Tactics: In order to leverage LinkedIn's paid promotion feature, Edelman will first need to create a Hayman Capital company profile on LinkedIn. Edelman will work with Hayman to define and build the target audience for the paid campaign. Once approved, we will launch promoted dark posts from Hayman's account that are targeted toward these segment(s), but will not be seen by the general public when they view Hayman's profile.

Based on LinkedIn's targeting parameters, Edelman will be able to promote content that would reach a highly qualified audience of accountants and auditors in the Dallas-Fort Worth area. The audience will be targeted to specifically include individuals that:

- Have accounting or audit job titles and are based in the Dallas-Fort Worth area; or
- Have EisnerAmper listed as their current employer.

**Please note this is a sampling of the granularity we can achieve and upon initiating the project, we can work with Hayman to refine or expand.*

Measurement: Through LinkedIn's platform tools, we will gather data based on those who clicked on the promoted post(s), including demographic information such as their job title and function. Through Google Analytics we will then be able to track the traffic driven to the UDFExposed.com blog post from the paid LinkedIn post(s) and downloads of the PDF presentation, contingent upon URL tracking parameters.

TWITTER TACTICS AND CAMPAIGN MEASUREMENT

Tactics: If Hayman decides not to move forward with creating a LinkedIn profile, Edelman recommends Twitter be used as an alternative promotional platform. Using the preexisting UDF Exposed Twitter account, we will begin promoting tweets through the account. Twitter provides the ability to reach its users based on a variety of demographics, interests and behavioral attributes. Although the platform does not allow targeting based on company as LinkedIn does, we will create target audiences made up of those in the financial sector based on title and seniority as well as those based in the Dallas-Fort Worth area. In addition, we will target the followers of EisnerAmper and those of similar firms on Twitter.

Measurement: Through Twitter advertising measurement tools, we will track how many users click through to the UDF Exposed website and related content. Like with LinkedIn, Google Analytics will also enable us to track the source of all website page views and downloads that came via Twitter, dependent on URL tracking parameters.

BUDGETING

In terms of budget, Edelman recommends a budget of at least \$5,000 for LinkedIn and Twitter promotion. Throughout the course of the campaign, Edelman will reevaluate the effectiveness of each platform reaching the targeted audience(s) and will potentially recommend reallocating funds between platforms based on campaign performance. The final details of the budget will also depend on how long Hayman wants to run the paid campaigns.

NEXT STEPS

Once Hayman selects a desired approach, we recommend moving forward as soon as possible so that Edelman can begin the following action.

Items to start the campaign:

- Create a Hayman Capital company account following Hayman's approval.
- Set up a Hayman credit line for LinkedIn paid promotion (5-7 days after account creation).
- Develop blog content for UDFExposed.com that is focused on the presentation and can be linked to in the promoted content.
- Coordinate with vendors to schedule paid amplification strategy and logistical details for activations.
- Develop campaign targeting to execute the campaigns per Hayman's approval.

###

Exhibit S

Message

From: Agnew, Shea [Shea.Agnew@edelman.com]
Sent: 8/11/2016 11:34:47 AM
To: Sylvester, Katherine [Katherine.Sylvester@edelman.com]
CC: Holmes, Allie [Allie.Holmes@edelman.com]
Subject: RE: UDF Exposed Digital Recommendations
Attachments: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf

We would use Parker's messaging doc to create a content calendar of very brief posts that link to the new research deck download, and then send email alerts out to the distribution list for each post to try and maximize the number of downloads.

We will want all tweets / blog posts to be as appealing as possible for auditors/accountants... think clickbait for numbers nerds. I talked to Parker about potentially running copy through any of his/our friendly accounting contacts to ask what would be the best "hook" for them.

So Parker's doc likely wouldn't be one post, but what we use to inspire the most clickable content for enticing downloads from our target audience, broken down into a content calendar of <150 word blog posts and <140 character tweets.

Does that make sense?

From: Sylvester, Katherine
Sent: Thursday, August 11, 2016 11:12 AM
To: Agnew, Shea <Shea.Agnew@edelman.com>
Cc: Holmes, Allie <Allie.Holmes@edelman.com>
Subject: Re: UDF Exposed Digital Recommendations

Hi Shea,

I'm just getting a chance to look over the messaging doc now. I'm going to look at the format we used in the website in the past and try to think of the best way to set this blog up for that format, assuming they want to keep it pretty short and may have additional similar posts sharing the doc.

In terms of the messaging he sent – does he want those messaging points included in the text of the blog in addition to the narrative outlined in the top paragraph?

Definitely send me your feedback on his messaging – I'll hold off until I see that. Happy to jump on the call to chat through suggestions if that would make it easier. I've also checked in with our paid team and they've reached out to Twitter again to try to get an ETA on when we will be set to post on there.

Thanks!

Kate Sylvester | Edelman DC | 202.756.2422

From: "Agnew, Shea" <Shea.Agnew@edelman.com>
Date: Thursday, August 11, 2016 at 12:04 PM
To: "Sylvester, Katherine" <Katherine.Sylvester@edelman.com>
Cc: "Holmes, Allie" <Allie.Holmes@edelman.com>
Subject: FW: UDF Exposed Digital Recommendations

Hey! Have you had a chance to take a look at his blog post / messaging doc? I'm digging in now and will also provide my / Allie's feedback, but wanted to get your thoughts from a digital perspective.

Thanks!

From: Parker Lewis [<mailto:PL@haymancapital.com>]
Sent: Thursday, August 11, 2016 10:01 AM
To: Agnew, Shea <Shea.Agnew@edelman.com>
Cc: Holmes, Allie <Allie.Holmes@edelman.com>
Subject: RE: UDF Exposed Digital Recommendations

Thanks Shea – can you also provide feedback on blog post and messaging? We would like to post this afternoon and we can determine how and whether we push on paid twitter in parallel but shouldn't hold up initial distribution



Parker Lewis
Hayman Capital Management, L.P.
2101 Cedar Springs Road Suite 1400
Dallas, TX 75201

214.347.8043 Direct
512.699.7480 Mobile
PL@HaymanCapital.com

From: Agnew, Shea [<mailto:Shea.Agnew@edelman.com>]
Sent: Thursday, August 11, 2016 9:58 AM
To: Parker Lewis <PL@haymancapital.com>
Cc: Holmes, Allie <Allie.Holmes@edelman.com>
Subject: UDF Exposed Digital Recommendations

Hi Parker,

See attached for the proposed digital strategy and ATB form that we'll need signed to make any ad buys. Let us know if you have any questions / if you want to set up a call to discuss next steps.

Shea

shea j. agnew
edelman dallas
1845 woodall rodgers fwy, ste. 1200
o 214-443-7579 | m 214-991-8444 | p 814-720-4477
shea.agnew@edelman.com

Exhibit T

UNITED DEVELOPMENT FUNDING, §
L.P.,A DELAWARE LIMITED §
PARTNERSHIP; UNITED §
DEVELOPMENT FUNDING II, L.P.,A §
DELAWARE LIMITED PARTNERSHIP; §
UNITED DEVELOPMENT FUNDING III, §
L.P.,A DELAWARE LIMITED §
PARTNERSHIP; UNITED §
DEVELOPMENT FUNDING IV, A §
MARYLAND REAL ESTATE §
INVESTMENT TRUST; UNITED §
DEVELOPMENT FUNDING INCOME §
FUND V, A MARYLAND REAL ESTATE §
INVESTMENT TRUST; UNITED §
MORTGAGE TRUST, A MARYLAND §
REAL ESTATE INVESTMENT TRUST; §
UNITED DEVELOPMENT FUNDING §
LAND OPPORTUNITY FUND, L.P., A §
DELAWARE LIMITED PARTNERSHIP; §
UNITED DEVELOPMENT FUNDING §
LAND OPPORTUNITY FUND §
INVESTORS, L.L.C., A DELAWARE §
LIMITED LIABILITY COMPANY, §

Plaintiffs,

v.

J. KYLE BASS; HAYMAN CAPITAL §
MANAGEMENT L.P.; HAYMAN §
OFFSHORE MANAGEMENT, INC.; §
HAYMAN CAPITAL MASTER FUND, §
L.P.; HAYMAN CAPITAL PARTNERS, §
L.P.; HAYMAN CAPITAL OFFSHORE §
PARTNERS, L.P.; HAYMAN §
INVESTMENTS, L.L.C., §

Defendant.

IN THE COUNTY COURT

AT LAW NO. 3

DALLAS COUNTY, TEXAS

AGREED PROTECTIVE ORDER REGARDING THE DISCLOSURE
AND USE OF DISCOVERY MATERIALS

The Parties as well as the Court anticipate that certain documents and testimony containing or reflecting confidential, proprietary, and/or trade secret information is likely to be disclosed or produced by the Plaintiffs and Defendants (collectively, the “Parties”) during the course of discovery in this case and, therefore, the Court enters this Order setting forth the conditions for treating, obtaining, and using such information. The Court finds good cause for the following *Protective Order Regarding the Disclosure and Use of Discovery Materials* (the “Order” or “Protective Order”).

I. PURPOSES AND LIMITATIONS

1. This Order does not confer blanket protections on all disclosures during discovery. Designations under this Order shall be made with care and shall not be made absent a good faith belief that the designated material satisfies the criteria set forth below. This Order shall become effective as of the date signed and entered by the judge below (the “Effective Date”). No Discovery Material produced prior to the Effective Date by any party, nonparty or other person shall be subject to the terms of this Order, and, therefore, no Discovery Material produced prior to the Effective Date shall be subject to any of the restrictions imposed by this Order.

2. Nothing in this Order shall be construed to require a party to produce or disclose documents or information not otherwise required to be produced under the applicable rules or orders of the Court. Production or disclosure of “**CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER**”¹ documents or information under this Order shall not prejudice the right of any party making that production or disclosure to maintain the trade secret status or confidentiality of that information in other contexts. Moreover,

¹ Or sometimes referenced as “**CONFIDENTIAL – SUBJECT TO PO**”

nothing in this Order creates a presumption or implies that information designated as Protected Material actually constitutes a trade secret, is proprietary, or is otherwise protectable information.

3. Protected Material produced in the above-captioned litigation shall be used solely in connection with this lawsuit and shall not be used directly or indirectly for any other purpose whatsoever, including but not limited to, in other civil litigations or for business purposes other than specifically provided for herein.

II. DEFINITIONS

4. The terms defined in this Paragraph 4 shall have the meanings provided herein, which shall govern throughout this Order. Defined terms may be used in the singular or the plural.

- a. **“Discovery Material”** means all items, documents, or information, including from any non-party, regardless of the medium, if any, or manner generated, stored, or maintained (including, among other things, testimony, transcripts, or tangible things) that are produced, disclosed, exchanged or generated formally or informally in connection with discovery, at hearings, or otherwise in this case.
- b. **“Outside Counsel”** means attorneys at law firms that appear on the pleadings as counsel for a Party, as well as their support personnel, graphics, translation, design, and/or trial consulting personnel, paralegals, legal secretaries, and legal clerks employed by such counsel (excluding any Outside Expert or Consultant) and working in connection with this case and to whom it is reasonably necessary to disclose information for this litigation.
- c. **“Party”** means any party to this case, including all of its officers, directors, trustees, managing or general partners, and employees.
- d. **“Producing Party”** means any Party or non-party that discloses or produces any Discovery Material in this case.
- e. **“Protected Material”** means any Discovery Material that is designated as “CONFIDENTIAL—SUBJECT TO PROTECTIVE ORDER” as provided for in this Order. Protected Material shall not include: (i) advertising materials that have been actually published

or publicly disseminated; and (ii) materials that show on their face that have been disseminated to the public.

- f. **“Receiving Party”** means any Party who receives Discovery Material from a Producing Party.
- g. **“Outside Expert or Consultant”** shall mean any outside person (and their support personnel) who is not an employee of a Party and who is identified as an expert whose opinions may be presented at trial of this case, or who is retained or specially employed in anticipation of litigation or preparation for trial and who is not expected to be called as a witness at trial, including but not limited to a proposed expert witness with whom counsel may deem it necessary to consult concerning technical, financial, or other aspects of this case for the preparation or trial thereof. This term is to be construed within the meaning of TEXAS RULES OF CIVIL PROCEDURE 192.3(e) and 192.7.

III. COMPUTATION OF TIME

5. The computation of any period of time prescribed or allowed by this Order shall be governed by the provisions for computing time set forth in the TEXAS RULES OF CIVIL PROCEDURE.

IV. SCOPE

6. The protections conferred by this Order cover not only Discovery Material governed by this Order as addressed herein, but also any information copied or extracted therefrom, as well as all copies, excerpts, summaries, compilations, or derivations in any way thereof, plus testimony, conversations, or presentations by Parties or their counsel in court or in other settings that might reveal Protected Material.

7. Nothing in this Protective Order shall prevent or restrict a Producing Party’s own disclosure or use of its own Protected Material for any purpose, and nothing in this Order shall preclude any Producing Party from showing its Protected Material to an individual who prepared the Protected Material.

8. Nothing in this Order shall be construed to prejudice any Party's right to use any Protected Material before the Court or in any filing with the Court provided that any filing with the Court is made under seal in accordance with TEXAS RULE OF CIVIL PROCEDURE 76a.

9. This Order is without prejudice to the right of any Party to seek further or additional protection of any Discovery Material or to modify this Order in any way, including, without limitation, an order that certain documents or information not be produced at all.

V. DURATION

10. Even after the termination of this case, the confidentiality obligations imposed by this Order shall remain in effect until a Producing Party agrees otherwise in writing or a court order otherwise directs.

VI. ACCESS TO AND USE OF PROTECTED MATERIALS

11. **Basic Principles.** All Protected Material shall be used solely for the above-captioned proceeding and any related appellate proceedings, and not for any other purpose whatsoever, including without limitation any other civil litigation or any business or competitive purpose or function. Protected Material shall not be distributed, disclosed or made available to anyone except as expressly provided in this Order.

12. **Secure Storage.** Protected Material must be stored and maintained by a Receiving Party at a location and in a secure manner that is reasonably calculated to ensure that access is limited to the persons authorized under this Order.

13. **Legal Advice Based on Protected Material.** Nothing in this Protective Order shall be construed to prevent counsel from advising their clients with respect to

this case based in whole or in part upon Protected Materials, provided counsel does not disclose the Protected Material itself except as provided in this Order.

14. **Limitations.** Nothing in this Order shall restrict in any way a Producing Party's use or disclosure of its own Protected Material for any purpose. Nothing in this Order shall restrict in any way the use or disclosure of Discovery Material by a Receiving Party: (i) that at the time of disclosure to a Receiving Party, is lawfully in the public domain; (ii) that after disclosure to a Receiving Party, lawfully becomes part of the public domain as a result of publication not involving a violation of this Order; (iii) that a Receiving Party can show was received by it, whether before or after the disclosure, from a source who obtained the information lawfully and under no obligation of confidentiality to the Producing Party; (iv) that a Receiving Party can show was independently developed by it after the time of disclosure by personnel who have not had access to the Producing Party's Protected Material; (v) with the consent of the Producing Party; or (vi) pursuant to order of the Court.

15. **Disclosure to Author or Recipient.** Notwithstanding any other provision, nothing in this Order shall prohibit Outside Counsel for a Party from disclosing Protected Material to any person whom the Protected Material identifies as an author, addressee, carbon copy recipient or an otherwise recipient of such Protected Material. In addition, regardless of its designation, if Protected Material makes reference to the actual or alleged conduct or statement of a person, Outside Counsel may discuss such conduct or statements with such person, provided that such discussions do not disclose or reveal any other portions of the Protected Material.

VII. DESIGNATING PROTECTED MATERIAL

16. **Available Designations.** Any Producing Party may designate Discovery Material with a “CONFIDENTIAL—SUBJECT TO PROTECTIVE ORDER” or “CONFIDENTIAL—SUBJECT TO PO” designation in the manner provided for in Paragraphs 17-18 and in the manner provided for herein. If a non-party produces Discovery Material in response to a subpoena from a Party, any Party to this action shall have the right to designate the Discovery Material with a “CONFIDENTIAL—SUBJECT TO PROTECTIVE ORDER” or “CONFIDENTIAL—SUBJECT TO PO” designation in the manner provided for in Paragraphs 17-18 and in the manner provided for herein, provided that such designations are made no later than fifteen (15) calendar days from the date that the Party has notice that Discovery Material has been produced in response to the subpoena. Until this fifteen (15) day period expires, the Discovery Material produced in response to subpoena shall be treated as Protected Material under this Order.

17. **Written Discovery and Documents and Tangible Things.** Written documents (which include electronically stored information), and tangible things that meet the requirements for the confidentiality designations provided for herein may be so designated by placing the appropriate designation on every page of the written material prior to production. Declarations, written discovery responses, and arbitral filings or pleadings may be designated by placing the appropriate designation on the face of such document. For digital files being produced, the Producing Party may mark each viewable page or image with the appropriate designation, or mark the medium, container, and/or communication in which the digital files were contained. In the event that a Receiving Party prints documents produced electronically in native format, the Receiving Party shall

make reasonable efforts to ensure that such documents are appropriately designated. To the extent a Receiving Party generates copies of any Protected Material, whether electronic or hardcopy, in whole or in part, it shall maintain the confidentiality designation of the Producing Party.

18. **Depositions and Testimony.** Parties may designate depositions and other testimony, in whole or in part, with the appropriate designation by indicating on the record at the time the testimony is given or by sending written notice to the other Parties of how the transcript of the testimony is designated within twenty-one (21) days of receipt of the final transcript of the testimony. If no indication on the record is made, all information disclosed during a deposition shall be deemed “CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER” until the twenty-one day (21) time period within which it may be appropriately designated as provided for herein has passed. Any Protected Material that is used in the taking of a deposition shall remain subject to the provisions of this Protective Order, along with the transcript pages of the deposition testimony dealing with such Protected Material. In such cases the court reporter shall be informed of this Protective Order and shall be required to operate in a manner consistent with this Protective Order. In the event the deposition is videotaped, the original and all copies of the videotape shall be marked by the video technician to indicate that the contents of the videotape are subject to this Protective Order, substantially along the lines of “This videotape contains confidential testimony used in this case and is not to be viewed or the contents thereof to be displayed or revealed except pursuant to the terms of the operative Protective Order in this matter or pursuant to written stipulation of the parties.” Counsel for any Producing Party shall have the right to exclude from oral depositions, other than the deponent, deponent’s counsel, the reporter and videographer (if any), any

person who is not authorized by this Protective Order to receive or access Protected Material based on the designation of such Protected Material. Such right of exclusion shall be applicable only during periods of examination or testimony regarding such Producing Party's Protected Material.

VIII. DISCOVERY MATERIAL DESIGNATED AS "CONFIDENTIAL"

19. Producing Party may designate as "CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER" Discovery Material, which it considers to contain or reflect non-public, confidential, proprietary, and/or commercially sensitive information, including but not limited to Discovery Material that the Producing Party considers to constitute or to contain trade secrets or other confidential research, development, commercial, or other information, or information subject to an affirmative obligation of confidentiality to a third party or a Court.

20. Unless otherwise ordered by the Court, Discovery Material designated as "CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER" may be disclosed only to the following:

- a. The Receiving Party's Outside Counsel, and any copying, clerical, or technical litigation support services working at the direction of such Outside Counsel, provided that any copying, clerical, or technical litigation support services are located within the United States;
- b. Any Outside Expert or Consultant retained by the Receiving Party to assist in this action, including his or her clerical and support staff (provided, however, that any support staff that provides professional technical, engineering, accounting, or financial support services must be separately disclosed as an Outside Expert or Consultant in accordance with this Order), provided that disclosure is only to the extent necessary to perform such work and provided that such expert or consultant has agreed to be bound by the provisions of the Protective Order by signing a copy of **Exhibit A**;
- c. Court reporters, stenographers and videographers retained to record testimony taken in this action, provided they agree to maintain the

confidentiality of Protected Material pursuant to this Protective Order;

- d. The Court and its staff;
- e. Graphics, translation, design, and/or trial consulting personnel retained by the Receiving Party to assist in this action, provided they have agreed to be bound by the provisions of the Protective Order by signing a copy of **Exhibit A**;
- f. Any mediator who is assigned to hear this matter, and his or her staff, subject to their agreement to maintain confidentiality to the same degree as required by this Protective Order;
- g. Employees of insurers of the parties in this case to whom it is necessary that the material be shown for purposes of this litigation, provided they have agreed to be bound by the provisions of the Protective Order by signing a copy of **Exhibit A**;
- h. Parties, provided that each and every person receiving Protected Material as a party has agreed to be bound by the provisions of the Protective Order by signing a copy of **Exhibit A**;
- i. Any other person with the prior written consent of the Producing Party of the Protected Material.

IX. CHALLENGING DESIGNATIONS OF PROTECTED MATERIAL

21. A Party shall not be obligated to challenge the propriety of any designation of Discovery Material under this Order at the time the designation is made, and a failure to do so shall not preclude a subsequent challenge thereto. No Party covered by the terms of this Order concedes that any material designated by any other Person as “Confidential – Subject to Protective Order” does in fact contain or reflect trade secrets, proprietary or confidential information, or has been properly designated as Confidential – Subject to Protective Order.

22. Any challenge to a designation of Discovery Material under this Order shall be written, shall be served on Outside Counsel for the Producing Party, shall particularly

identify the documents or information that the Receiving Party contends should be differently designated. Thereafter, further protection of such material shall be resolved in accordance with the following procedures:

- a. Counsel for the designating party or third party shall respond in writing to such objection within fourteen (14) days, and shall state with particularity the grounds for asserting that the document or information is Confidential. If no timely written response is made to the objection, the challenged designation will be deemed to be void. If the designating party or nonparty makes a timely response to such objection asserting the propriety of the designation, counsel shall then confer in good faith in an effort to resolve the dispute.
- b. If a dispute as to a “Confidential – Subject to Protective Order” designation of a document or item of information cannot be resolved by agreement, the proponent of the designation being challenged shall present the dispute to the Court initially by letter before filing a formal motion for an order regarding the challenged designation. If the proponent of the designation fails to timely present the dispute to the Court, the opponent to the designation then shall present the dispute to the Court. The document or information that is subject of the filing shall be treated as originally designated pending resolution of the dispute by the Court.
- c. The burden of proving the confidentiality of information designated as “Confidential – Subject to Protective Order” remains with the designating party.

X. SUBPOENAS OR COURT ORDERS

23. If at any time Protected Material is subpoenaed by any entity, individual, court, arbitral, administrative, or legislative body, the Party to whom the subpoena or other request is directed shall give prompt written notice thereof to every Party who has produced such Discovery Material and to its counsel and shall provide each such Party with a reasonable opportunity (not less than fifteen (15) calendar days) to move for a protective order regarding the production of Protected Materials implicated by the subpoena.

XI. FILING PROTECTED MATERIALS

24. Absent written permission from the Producing Party or a court Order secured after appropriate notice to all interested persons, a Receiving Party may not file or disclose in the public record any Protected Material.

XII. INADVERTENT DISCLOSURE OF PROTECTED MATERIAL

25. The inadvertent production by a Party of Discovery Material subject to the attorney-client privilege, work-product protection, or any other applicable privilege or protection, will not waive the applicable privilege and/or protection if a request for return of such inadvertently produced Discovery Material is made within reasonable time after the Producing Party learns of its inadvertent production.

26. Upon a request from any Producing Party who has inadvertently produced Discovery Material that it believes is privileged and/or protected, each Receiving Party shall immediately return such Protected Material or Discovery Material and all copies, summaries, compilations, or derivations thereof to the Producing Party, except for any pages containing privileged markings or information by the Receiving Party which shall instead be destroyed and certified as such in writing by the Receiving Party to the Producing Party. The Producing Party shall promptly provide a privilege log identifying such inadvertently produced Discovery Material.

27. Nothing herein shall prevent the Receiving Party from preparing a record for its own use containing the date, author, addresses, and topic of the inadvertently produced Discovery Material for the purpose of preparing any motion to compel production of the Discovery Material. Unless the Receiving Party moves to compel production of the inadvertently produced Discovery Material and the Court grants the Receiving Party's motion, no use shall be made of such documents or information during

deposition, at trial, or otherwise. Nor shall such documents or information be shown to anyone who has not already been given access to them subsequent to the request that they be returned. The Receiving Party may move the Court for an Order compelling production of any inadvertently produced or disclosed Discovery Material, but the motion shall not assert as a ground for production the fact of the inadvertent production or disclosure, nor shall the motion disclose or otherwise use the content of the inadvertently produced document or information (beyond any information appearing on the above referenced privilege log or record) in any way in connection with any such motion.

XIII. INADVERTENT FAILURE TO DESIGNATE PROPERLY

28. The inadvertent failure by a Producing Party to designate Discovery Material as Protected Material with the “CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER” designations provided for under this Order shall not waive any such designation provided that the Producing Party notifies all Receiving Parties that such Discovery Material is protected under this Order within fourteen (14) days of the Producing Party learning of the inadvertent failure to designate. The Producing Party shall reproduce the Protected Material with the correct confidentiality designation within seven (7) days upon its notification to the Receiving Parties. Upon receiving the Protected Material with the correct confidentiality designation, the Receiving Parties shall return or securely destroy, at the Producing Party’s option, all Discovery Material that was not designated properly.

29. A Receiving Party shall not be in breach of this Order for any use of such Discovery Material before the Receiving Party receives notice of the Producing Party’s inadvertent failure to designate properly. Once a Receiving Party has received notification of the correct confidentiality designation for the Protected Material, the

Receiving Party shall treat such Discovery Material as designated pursuant to the terms of this Order.

XIV. INADVERTENT DISCLOSURE NOT AUTHORIZED BY ORDER

30. In the event of a disclosure of any Protected Material pursuant to this Order to any person or persons not authorized to receive such disclosure under this Protective Order, the Party responsible for having made such disclosure, and each Party with knowledge thereof, shall immediately notify counsel for the Producing Party whose Protected Material has been disclosed. The responsible disclosing Party shall also promptly take all reasonable measures to retrieve the improperly disclosed Protected Material and to ensure that no further or greater unauthorized disclosure and/or use thereof is made.

31. Unauthorized or inadvertent disclosure does not change the status of Protected Material or waive the right to hold the disclosed document or information as Protected.

XV. FINAL DISPOSITION

32. Not later than sixty (60) days after the Final Disposition of this case, each Party shall return all Protected Material of a Producing Party to the respective Outside Counsel of the Producing Party or destroy such Protected Material, at the option of the Receiving Party. For purposes of this Order, "Final Disposition" occurs after an order, mandate, or dismissal finally terminating the above-captioned action with prejudice, including all appeals.

33. All Parties that have received any such Protected Material shall certify in writing that all such materials have been returned to the respective Outside Counsel of the Producing Party or destroyed within thirty (30) days of such return or destruction.

Notwithstanding the provisions for return or destruction of Protected Material, Outside Counsel may retain one set of pleadings, court filings and exhibits, correspondence and attorney and consultant work product (but not document productions) for archival purposes.

XVI. DISCOVERY FROM EXPERTS OR CONSULTANTS

34. Discovery of materials provided to testifying experts shall be governed by TEXAS RULE OF CIVIL PROCEDURE 192.

XVII. MISCELLANEOUS

35. **Right to Further Relief.** Nothing in this Order abridges the right of any person to seek its modification by the Court in the future. By stipulating to this Order, the Parties do not waive the right to argue that certain material may require additional or different confidentiality protections than those set forth herein.

36. **Termination of Matter and Retention of Jurisdiction.** The terms of this Protective Order shall survive and remain in effect after the Final Disposition of the above-captioned matter.

37. **Destruction Obligations.** Any destruction obligations under this Order shall not apply to electronically-stored information in archival form stored on backup tapes, computer servers, external hard drives, notebooks, personal computer hard drives, or other media that are created for disaster recovery purposes, provided that such electronic archives are not used as reference materials for a Receiving Party's business operations.

38. **Successors.** This Order shall be binding upon the Parties hereto, their attorneys, and their successors, executors, personal representatives, administrators, heirs, legal representatives, assigns, subsidiaries, divisions, employees, agents, retained

consultants and experts, and any persons or organizations over which they have direct control.

39. **Right to Assert Other Objections.** By stipulating to the entry of this Protective Order, no Party waives any right it otherwise would have to object to disclosing or producing any information or item. Similarly, no Party waives any right to object on any ground to use in evidence of any of the material covered by this Protective Order. This Order shall not constitute a waiver of the right of any Party to claim in this action or otherwise that any Discovery Material, or any portion thereof, is privileged or otherwise non-discoverable, or is not admissible in evidence in this action or any other proceeding. This Order does not address discovery objections nor preclude any Party from moving for any relief cognizable under the Texas Rules of Civil Procedure or the Court's inherent power.

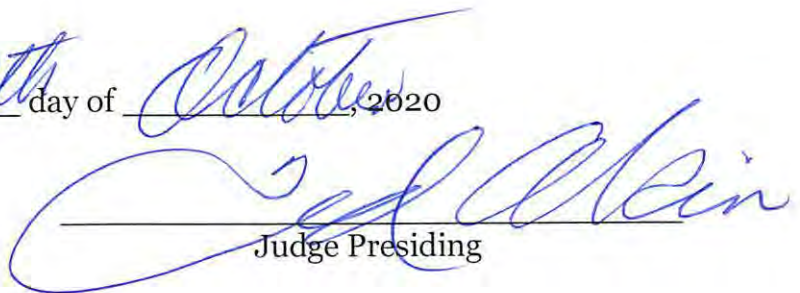
40. **Burdens of Proof.** Notwithstanding anything to the contrary above, nothing in this Protective Order shall be construed to change the burdens of proof or legal standards applicable in disputes regarding whether particular Discovery Material is confidential, which level of confidentiality is appropriate, whether disclosure should be restricted, and if so, what restrictions should apply.

41. **Interpretation.** Should the Parties have any issues concerning the interpretation of this Order, before any Party moves for the Court's assistance, they shall first endeavor to promptly meet and confer to resolve the dispute. The headings used in this Order are supplied for convenience only and shall not be taken into account in the interpretation of this Order.

42. **No Probative Value.** The Order shall not aggregate or diminish any contractual, statutory or other legal obligation or right of any Party or person with respect

to any Protected Material. The fact that information is designated "CONFIDENTIAL" under this Order shall not be deemed to be determinative of what a trier of fact may determine to actually be "CONFIDENTIAL" This Order shall be without prejudice to the right of any Party to bring before the Court questions regarding (a) whether any particular material is or is not properly designated or (b) whether any particular information or material is or is not entitled to a greater or lesser degree of protection under the terms of this Order, provided that in doing so, the Party complies with the procedures set forth herein. The fact that any information is disclosed, used, or produced in any proceeding in this case shall not be offered in any action proceeding before any court, agency or tribunal as evidence of or concerning whether or not such information is admissible, confidential, or proprietary.

So Ordered and signed on this 20th day of October, 2020


Judge Presiding

**AGREED AS TO FORM AND SUBSTANCE
AND ENTRY REQUESTED:**

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CAUSE NO. CC-17-06253-C

UNITED DEVELOPMENT FUNDING,	§	IN THE COUNTY COURT
L.P, A DELAWARE LIMITED	§	
PARTNERSHIP; UNITED	§	
DEVELOPMENT FUNDING II, L.P, A	§	
DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING III,	§	
L.P, A DELAWARE LIMITED	§	
PARTNERSHIP; UNITED	§	
DEVELOPMENT FUNDING IV, A	§	
MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
DEVELOPMENT FUNDING INCOME	§	
FUND V, A MARYLAND REAL ESTATE	§	
INVESTMENT TRUST; UNITED	§	
MORTGAGE TRUST, A MARYLAND	§	
REAL STATE INVESTMENT TRUST;	§	
UNITED DEVELOPMENT FUNDING	§	AT LAW NO. 3
LAND OPPORTUNITY FUND, L.P., A	§	
DELAWARE LIMITED PARTNERSHIP;	§	
UNITED DEVELOPMENT FUNDING	§	
LAND OPPORTUNITY FUND	§	
INVESTORS, L.L.C., A DELAWARE	§	
LIMITED LIABILITY COMPANY	§	
	§	
Plaintiffs,	§	
	§	
v.	§	
	§	
	§	
	§	
J. KYLE BASS; HAYMAN CAPITAL	§	
MANAGEMENT, L.P.; HAYMAN	§	
OFFSHORE MANAGEMENT, INC.;	§	
HAYMAN CAPITAL MASTER FUND,	§	
L.P.; HAYMAN CAPITAL PARTNERS,	§	
L.P.; HAYMAN CAPITAL OFFSHORE	§	
PARTNERS, L.P.; HAYMAN	§	
INVESTMENTS, LLC	§	
	§	DALLAS COUNTY, TEXAS
Defendants.		

EXHIBIT A

ACKNOWLEDGMENT AND AGREEMENT TO BE BOUND

I hereby certify my understanding that CONFIDENTIAL--SUBJECT TO PROTECTIVE ORDER information is being provided to me pursuant to the terms and restrictions of the attached Agreed Protective Order ("Order") that was issued by the County Court at Law No. 3 of Dallas County, Texas in *United Development Funding, L.P. et al. v. J. Kyle Bass et al.*, Cause No. CC-17-06253-C. I have been given a copy of that Order, as attached, and I have read it.

I agree to comply with and be bound by the Order, and I understand and acknowledge that failure to so comply could expose me to sanctions and punishment in the nature of contempt. I will not reveal to anyone or otherwise use in any fashion any information or item that is subject to the Order, except in strict compliance with the provisions of the Order. I will maintain all such CONFIDENTIAL--SUBJECT TO PROTECTIVE ORDER information – including copies, notes, or other transcriptions made therefrom – in a secure manner to prevent unauthorized access to it. No later than thirty (30) days after the conclusion of this action, I will return the CONFIDENTIAL--SUBJECT TO PROTECTIVE ORDER information – including copies, notes, or other transcriptions made therefrom – to the Counsel who provided me with it.

I hereby consent to the jurisdiction of the courts of Dallas County, Texas for the purpose of enforcing the Order, even if such enforcement proceedings occur after termination of this action.

Date: _____

Signature: _____

Name (print)

Relationship to Lawsuit