

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN THE MATTER OF
THE SEARCH OF UDF
1301 MUNICIPAL WAY
GRAPEVINE, TEXAS 76051

Case No. 3:21-mc-284-B

**SECOND DECLARATION OF PAUL E. PELLETIER
IN SUPPORT OF UDF'S REPLY TO GOVERNMENT'S RESPONSE
TO MOVANT'S MOTION FOR RETURN OF PROPERTY**

I, Paul E. Pelletier, hereby declare as follows:

1. I continue to serve as a counsel of record for United Development Funding (“UDF”). I submit this declaration to provide context for the government’s peculiar dilatory behavior in refusing to provide copies of the physical documents seized from UDF’s ongoing real estate finance business for more than two years after the search and not until UDF filed a motion seeking their return. These exhibits, obtained in discovery in civil litigation by UDF against Bass and Hayman Capital (Bass’ hedge fund), establish a concerted plan and collaboration, between the Prosecution Team and predatory short seller Kyle Bass, to publish false information directed at UDF’s auditors, specifically designed to frustrate or prevent UDF from producing timely audited financials.

2. Attached as Exhibit 21 is a slide from a PowerPoint presentation prepared by The Edelman Company, hired by Kyle Bass as their “paid promoter” of his predatory and unlawful scheme to short UDF’s stock. The February 9, 2016, presentation, prepared exactly one week before a member of the prosecution team tipped off Bass to the search, plainly states that the unlawful “business objectives” of Bass’ scheme were to: “(1) Drive [UDF’s] stock to zero, (2) push regulatory bodies (SEC/FBI) to act or (3) prevent UDF from retaining an auditor”

3. Attached as Exhibit 22 is a thread dated June 3, 2016 between Edelman’s Shea Agnew and Chris Manzini discussing the fact that Bass’ point person in the predatory short scheme, Parker Lewis had revealed that during his collaboration with the “US Attorney on the case” that a member of the Prosecution Team advised him not to publish an “open letter to prospective auditors” but that the “strategy” remained “to focus around making UDF even more untouchable to auditors.”

4. Attached as Exhibit 23 is an Edelman memorandum dated August 10, 2016, documenting a “Paid Promotion Strategy” whereby Bass/Hayman Capital would use a public website (UDFExposed.com) to post content to “successfully target EisnerAmper [UDF’s audit firm] employees and accountants and auditors in the Dallas-Fort Worth area. This strategy included the use of “dark posts” to prevent UDF from completing a timely audit.

5. Attached as Exhibit 24 is an August 10, 2016, email chain between Kyle Bass and Lead Prosecution Team Agent Edson establishing that Bass is coordinating the false postings to his website with FBI Agent Edson who approves the false post. In these emails, Bass seeks permission from the Prosecution Team to publicly post a presentation which falsely states that UDF IV doesn’t qualify as a REIT under tax rules in an attempt to prevent the timely audit of UDF’s financials.

6. Attached as Exhibit 25 is an August 30, 2016, email chain between Kyle Bass and Lead Prosecution Team Agent Edson establishing that Bass is coordinating the false postings to his website with FBI Agent Edson who approves the false posting. In these emails, Bass seeks permission from the Prosecution Team to publicly post a presentation which falsely portrays that a successful UDF IV financed residential real estate community, “Preston Manor,” as financially “precarious,” in an attempt to prevent the timely audit of UDF’s financials.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 29th day of September 2021, in Fairfax, Virginia.



Paul E. Pelletier



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

Message

From: Agnew, Shea [Shea.Agnew@edelman.com]
Sent: 6/3/2016 10:18:35 AM
To: Manzini, Chris [Chris.Manzini@edelman.com]; Campbell, Rob [Rob.Campbell@edelman.com]
Subject: RE: UDF release

He says this is a good "step in the right direction", but this part is key:

"[NASDAQ] indicated that because the Trust's plan is *predicated on the engagement of a new audit firm*, the Staff believed the Trust's plan was not sufficiently definitive and may not be completed within the discretionary period available"

Parker's convinced that UDF is going to scramble over the next two weeks to find an auditor in an attempt to fulfill this requirement... so he wants our strategy to focus around making UDF even more untouchable to any potential auditors they may be courting. He's considered releasing an open letter to prospective auditors, but the US Attorney on the case asked them not to do that (it wouldn't be tortious interference, but it would cause some drama that would give him a headache). We've also discussed trying to push some of the local media that we've talked to into releasing stories that they have shelved, but that's tricky.

Chris K. is convinced UDF's fate is signed/sealed/delivered, though. Edelman's financial folks think the same. Parker won't be "excited" until these guys are locked up and the stock is officially donezo.

Expect UDF to have something else up their sleeve for the next couple of weeks...

From: Manzini, Chris
Sent: Friday, June 03, 2016 10:11 AM
To: Campbell, Rob; Agnew, Shea
Subject: RE: UDF release

Is Parker excited?

From: Campbell, Rob
Sent: Friday, June 03, 2016 8:04 AM
To: Agnew, Shea
Cc: Manzini, Chris
Subject: UDF release

FYI: <https://globenewswire.com/news-release/2016/06/02/845832/0/en/United-Development-Funding-IV-Receives-Nasdaq-Staff-Determination-Letter-Requests-Hearing-Before-Listing-Qualifications-Panel.html>

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Rob Campbell
Edelman Dallas
[REDACTED]

Sent on the go, please forgive any typos.

EXHIBIT
22



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 and 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. We then 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 then work with Hayman to define and build the target audience for the paid campaign. We will then launch promoted 'dark posts' on Hayman's account that are targeted toward this audience 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 analytics, we will track the demographics of those who clicked on the promoted post, 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 and how people then download the PDF presentation.

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 for promoting content. Using the preexisting UDF Exposed Twitter account, we could immediately begin posting promoted content through the account. Twitter provides the ability to reach its users based on a variety of demographics, interests and behavioral attributes. Although it does not allow targeting based on company or position as LinkedIn does, we create target audiences made up of those in the financial sector who are based in the Dallas-Fort Worth area. We could also specifically target the followers of EisnerAmper and similar firms on Twitter.

Measurement: Through Twitter analytics, we will track how many users click through to the UDF Exposed website and related content. Google Analytics will also enable us to track the source of all website page views and downloads that came via Twitter.

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 at reaching the targeted audience 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 campaign.

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.

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Message

From: J. Kyle Bass [k@haymancapital.com]
Sent: 8/10/2016 10:16:34 PM
To: Parker Lewis [PL@haymancapital.com]
Subject: Fwd: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf
Attachments: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf; ATT00001.htm

Message was just sent to Christy. I will let you know what I hear...

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

Begin forwarded message:

From: "J. Kyle Bass" <k@haymancapital.com<mailto:k@haymancapital.com>>
To: "Christine (Christy) Edson" <christine.edson@ic.fbi.gov<mailto:christine.edson@ic.fbi.gov>>
Subject: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf

Christy,

I left you a message on your office line earlier today. This call is a courtesy call to you in order to notify you of an upcoming release of our research on UDF. We intend to release the attached presentation sometime after lunch tomorrow afternoon questioning the organizational structure and legitimacy of the REIT. As a consequence, the company is likely to face significant tax problems.

As for my availability, I am flying from Dallas to San Francisco today at 5:50pm cst landing around 9:45pm cst. Tomorrow, I will be available in the morning if you would like to ask any questions or have a quick conversation. My cell number is 917-207-5823.

Regards,

Kyle

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| <p>EXHIBIT</p> <p>24</p> |
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Message

From: Edson, Christine L. (DL) (FBI) [Christine.Edson@ic.fbi.gov]
Sent: 8/10/2016 10:30:54 PM
To: J. Kyle Bass [k@haymancapital.com]
Subject: RE: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf

Thank you. I was in Lubbock today. I'm back now and will take a look at what you sent. Have a safe trip.

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

From: "J. Kyle Bass" <k@haymancapital.com>
Date: 08/10/2016 5:16 PM (GMT-06:00)
To: "Edson, Christine L. (DL) (FBI)" <Christine.Edson@ic.fbi.gov>
Subject: News & Research - Is UDF a Legitimate REIT_8.10.16.pdf

Christy,

I left you a message on your office line earlier today. This call is a courtesy call to you in order to notify you of an upcoming release of our research on UDF. We intend to release the attached presentation sometime after lunch tomorrow afternoon questioning the organizational structure and legitimacy of the REIT. As a consequence, the company is likely to face significant tax problems.

As for my availability, I am flying from Dallas to San Francisco today at 5:50pm cst landing around 9:45pm cst. Tomorrow, I will be available in the morning if you would like to ask any questions or have a quick conversation. My cell number is 917-207-5823.

Regards,

Kyle

Message

From: Edson, Christine L. (DL) (FBI) [Christine.Edson@ic.fbi.gov]
Sent: 8/30/2016 4:59:17 PM
To: J. Kyle Bass [k@haymancapital.com]
Subject: RE: Agent Edson - New UDF Information and a not so funny anecdote

Received.

Thank you,
-Christy

Christine Edson
Special Agent
FBI Dallas Division
Desk 972-559-5726
Fax 972-559-5611

From: J. Kyle Bass [mailto:k@haymancapital.com]
Sent: Tuesday, August 30, 2016 10:27 AM
To: Edson, Christine L. (DL) (FBI)
Subject: Agent Edson - New UDF Information and a not so funny anecdote
Importance: High

Christine,

We will be posting this additional piece sometime later this morning/afternoon. Parker began unfolding the events surrounding the recent sale of this property in Lubbock as soon as it was recorded. If you would like to talk about this or hear the anecdote, please let me know and I will call your office.

Regards,

Kyle

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

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|-----------------------------|
| EXHIBIT 25 |
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Message

From: J. Kyle Bass [k@haymancapital.com]
Sent: 8/30/2016 5:47:37 PM
To: Parker Lewis [PL@haymancapital.com]
Subject: Re: Agent Edson - New UDF Information and a not so funny anecdote

Yes.

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

On Aug 30, 2016, at 10:39 AM, Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>> wrote:
Green light to post?

Parker Lewis
Hayman Capital Management L.P.
(o) 214.347.8043 | (m) 512.699.7480
PL@haymancapital.com<mailto:PL@haymancapital.com>

On Aug 30, 2016, at 12:21 PM, J. Kyle Bass <k@haymancapital.com<mailto:k@haymancapital.com>> wrote:

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

Begin forwarded message:

From: "Edson, Christine L. (DL) (FBI)" <Christine.Edson@ic.fbi.gov<mailto:Christine.Edson@ic.fbi.gov>>
Date: August 30, 2016 at 9:59:17 AM PDT
To: "J. Kyle Bass" <k@haymancapital.com<mailto:k@haymancapital.com>>
Subject: RE: Agent Edson - New UDF Information and a not so funny anecdote

Received.

Thank you,
-Christy

Christine Edson
Special Agent
FBI Dallas Division
Desk 972-559-5726
Fax 972-559-5611

From: J. Kyle Bass [mailto:k@haymancapital.com]
Sent: Tuesday, August 30, 2016 10:27 AM
To: Edson, Christine L. (DL) (FBI)
Subject: Agent Edson - New UDF Information and a not so funny anecdote
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Regards,

Kyle

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management