

CAUSE NO. CC-17-06253-B

UNITED DEVELOPMENT FUNDING, §  
L.P., et al., §  
*Plaintiffs,* §  
v. §  
J. KYLE BASS *et al.,* §  
§  
§

IN THE COUNTY COURT OF  
DALLAS COUNTY, TEXAS  
COUNTY COURT OF LAW NO. 2

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AFFIDAVIT OF J. KYLE BASS

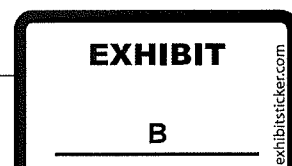
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BEFORE ME, the undersigned authority, on this day personally appeared J. Kyle Bass, personally known to me and who, after having been by me duly sworn upon his oath, deposed and said:

1. My name is J. Kyle Bass. I am over 21 years of age, of sound mind, have never been convicted of any felony, and am fully competent to make this affidavit. I have personal knowledge of all facts stated in this affidavit and they are true and correct.

2. I am the Founder and Chief Investment Officer of Hayman Capital Management L.P. ("Hayman"). Hayman is an SEC-registered asset management firm with a global footprint that manages assets of privately-offered pooled investment vehicles. Hayman is an investment advisor to funds and accounts that are in the business of actively buying and selling securities and other financial investments. Hayman primarily manages the assets of institutional investors, as well as ultra-high net worth individual investors.

3. I have over twenty-five years of experience in the financial markets, with particular expertise in global event-driven investing, and hold a Bachelor's Degree in Finance from Texas Christian University. Prior to forming Hayman, I was a Managing Director at Legg Mason and a Senior Managing Director at Bear Stearns. In my career I have managed private funds with strategies focused on sub-prime credit, the pharmaceutical industry, and Asia.



19. In April 2015 Hayman gave a presentation to the FBI concerning Hayman's UDF related research.

20. In or about late May or early June 2015, at the request of the FBI, Hayman attended an additional meeting with the FBI related to the UDF research. Forensic accountants attended this meeting.

21. In or about late May or early June 2015, Mr. Kirkpatrick attended a meeting with the SEC head of enforcement of the Fort Worth office to discuss Hayman's UDF-related research. Mr. Kirkpatrick previously worked as an SEC Enforcement attorney.

22. In its entirety, Hayman spent approximately two-years conducting UDF related research, and in the process reviewed thousands of pages of documents believed to be reliable from sources which include, without limitation, SEC filings, county court records, county land and deed recordings, central appraisal district websites, the Secretary of State taxable entity search records, and visits to various physical sites. Guided by this extensive research as well as the institutional knowledge and experience of myself and Mr. Lewis, and Hayman's expansive industry experience in financial reporting, restructuring, accounting, and evaluating financial disclosures, Hayman identified patterns of financial irregularities and solvency concerns among Plaintiffs that Hayman could not in good faith just ignore.

23. Once Hayman learned the financial irregularities of the Plaintiffs and their potentially fraudulent conduct, Hayman believed that it had an obligation to share the conclusions it derived from the UDF related research. Hayman believed that this information presented critical information to stakeholders including investors, financial institutions, lenders, auditors, and investigative authorities related to a matter of public concern, notwithstanding Hayman having a financial interest in the situation.

24. After over a year of extensive research, review and analysis of thousands of pages of publicly available resources, Hayman publicly disseminated communications concerning the UDF-related research, after extensive internal analysis of numerous patterns of striking financial irregularities within Plaintiffs. My understanding is that before Hayman publicly disseminated any information related to Plaintiffs, Hayman notified government agencies that it intended to make public information related to Hayman's UDF related research.

25. Hayman engaged First Amendment counsel at Cahill Gordon, Landis Best ("First Amendment Counsel"), in connection to the dissemination of information