

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.