

Defendant. The Receiver has not alleged that SPC received any funds collected from defrauded investors. Nonetheless, the Receiver has filed motions to sell Windmill Farms and Bellwether. ECF 161, 164. The Court has recognized SPC as an interested party by ordering the Receiver to serve SPC with notice of the sales and notice of the briefing schedule for objections regarding confirmation of the sales. ECF 169, 170, 171.

SPC seeks a two week extension of the Court's briefing schedule and continuance of the hearing. The requested schedule would extend to March 24, 2023, the time for SPC to file its Motion to Intervene and Opposition, extend the reply to March 31, 2023, and continue the hearing to April 3, 2023. SPC seeks the extension because SPC has just retained litigation counsel, C. Gregory Shamoun and Brian Norman, of the law firm Shamoun & Norman, LLP, as lead counsel to represent it in this action. They are both presently in a jury trial representing TCI and affiliates that is not expected to conclude until on or about March 16, 2023. The requested two week extension is necessary to allow SPC's counsel the time to conclude their existing jury trial, confer with SPC about its Motion to Intervene and Opposition,¹ compile what is anticipated to be significant evidence, including declarations, and prepare and file SPC's Opposition.

No prejudice to any party will result from this extension of two (2) weeks. The Receiver does not allege a factual basis for why its Motions should be heard on an expedited basis. SPC seeks to continue the hearing date by only one (1) business day later than what the Receiver requested. SPC's ownership of the properties is significant. The Receiver represents that Windmill Farms has a value of \$53 million and Bellwether has a value of almost \$30 million.

¹ The Court directs all interested non-parties to intervene to the extent they wish to participate in the proceedings. ECF 62, p. 2, n. 1.

Grounds for Expedited Motion

On February 22, 2023, the Receiver filed three (3) Verified Motions for Appointment of Appraisers, Approval of Appraisals, Approval Hearing, and Approval of Sale (collectively, “Receiver’s Motions”). The first was for the sale of Parc at Windmill Farms (“Motion to Sale Windmill Farms”) (ECF 161), the second was for the sale of Bellwether Ridge (“Motion to Sale Bellwether”) (ECF 164), and the third was for the sale of Amerigold Suites (“Motion to Sale Amerigold Suites”) (ECF 167).

SPC holds the equity in the owners of Windmill Farms and Bellwether. The Receiver alleges that SPC and its affiliates contend that SPC was granted the ability to convert its loans to equity, and that SPC contends it exercised its options to convert the debt into equity on or about October 3, 2022, when it sent JMJ Development, LLC (“JMJ”) a conversion option purchase contract. ECF 161, p. 3; ECF 164, p. 3. The Receiver acknowledges that it is SPC’s contention that: (i) SPC exercised its option to convert JMJ’s Windmill Farms debt into equity in D4FR, the owner of Windmill Farms (ECF 161, p. 3), and (ii) SPC exercised its option to convert JMJ’s Bellwether debt into equity in D4DS, the owner of Bellwether (ECF 164, p. 3).

Notwithstanding SPC’s contention that it is owner of the equity in Windmill Farms and Bellwether, the Receiver seeks to sell the properties. The Receiver indicates no cause for an expedited sale. The Receiver requested that the Court schedule a hearing on or before March 31, 2023. ECF 161, p. 8; ECF 164, p. 8.

On March 2, 2023, the Court entered three (3) orders in connection with the Receiver’s Motions. The Court ordered expedited briefing on the Receiver’s Motions. The Court ordered: responses due March 10, 2023; the reply due March 17, 2023, and the hearing scheduled for March

20, 2023. ECF 169. The Court entered its Notice of Hearing for March 20, 2023. ECF 170. The Court ordered the Receiver to serve SPC with a copy of its March 2, 2023 Order and Notice of Hearing. ECF 171.

On March 3, 2023, SPC engaged the undersigned counsel to oppose the Receiver's request to sell Windmill Farms and Bellwether. Specifically, SPC engaged as lead counsel C. Gregory Shamoun and Brian Norman, of Shamoun & Norman, LLP. C. Gregory Shamoun and Brian Norman have a long standing attorney-client relationship with SPC's parent company, Transcontinental Realty Investors, Inc. ("TCI"), a public company whose shares trade on the NYSE. C. Gregory Shamoun and Brian Norman represent TCI and related parties in a state court case currently in a jury trial.² The jury trial commenced February 27, 2023. The trial was expected to be a two week trial, but has been delayed another week because of illness. The case is not expected to conclude until on or about March 16, 2023. SPC requests the Court extend the briefing schedule to allow SPC's counsel time to conclude its current jury trial and assist SPC with its Motion to Intervene and its Opposition to the Receiver's Motions.

Good cause exists to extend the briefing schedule by two (2) weeks. SPC has a right to be heard on the Receiver's Motions. The requested extended schedule will result in SPC being able to confer with its regular litigation counsel and submit to the Court efficient, substantive and complete briefing. SPC anticipates assembling and filing significant evidence, including declarations, in aid of the Court's decision-making process.

² C. Gregory Shamoun and Brian Norman represent TCI and related parties in *Renante Nixdorf GmbH & Co. KG and Watercrest Partners, L.P. v. TRA Midland Properties, LLC, et al.*, Cause No. DC-13-13354, 191st Judicial District, Dallas County, Texas (Hon. Gena Slaughter, Presiding).

SPC's request does not threaten any legitimate interest. The Receiver's Motions do not provide a factual basis for treating the property sales on an expedited basis. This is a complex matter, and involves properties that the Receiver represents are worth a substantial amount: \$53 million (Windmill Farms) and almost \$30 million (Bellwether). Importantly, the Receiver requested that the Court schedule the hearing for no later than March 31, 2023. ECF 161, p. 8; ECF 164, p. 8. Therefore, SPC's requests that this Court extend the hearing until April 3 represents only a one-business day extension.

The Receiver argues that it would be inefficient for it to proceed with its Motions on two (2) different briefing schedules, one for Amerigold Suites and a different one for Windmill Farms and Bellwether. The Court may remedy the Receiver's efficiency concern by extending the briefing schedule for Amerigold Suites, to coincide with the extended briefing schedule for Windmill Farms and Bellwether. The Receiver indicates no reason in its Motion to Sell Amerigold Suites why the Receiver needs an expedited sale, or why an extension of two (2) weeks would prejudice a sale of Amerigold Suites. Although the Receiver is charged with administering the assets efficiently, it must not be at the expense of prejudicing SPC and depriving it of the opportunity to adequately evidence its ownership interest.

Prayer

SPC requests that the Court extend the time for SPC to file its Motion to Intervene and Opposition to March 24, 2023, extend the reply to March 31, 2023 and continue the hearing date to April 3, 2023 and for any additional and further relief to which it may be justly entitled.

RESPECTFULLY SUBMITTED BY:

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CERTIFICATE OF CONFERENCE

The undersigned certifies that on March 3, 2023, counsel for the SPC conferred with counsel for the Receiver, Charlene Koonce, who responded that the Receiver is not opposed to SPC intervention, but is opposed to extending the briefing schedule or continuing the hearing. The reasoning given by Receiver's Counsel was that rescheduling would necessitate separate hearings and, therefore, would affect efficient administration of the Receivership estate.

Certified to the 6th day of March, 2023.

/s/ J. Blair Norris

J. BLAIR NORRIS

CERTIFICATE OF SERVICE

I hereby certify that on March 6, 2023, I filed the foregoing document with the clerk for the U.S. District Court, Northern District of Texas, Dallas Division using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to all attorneys of record, who have consented in writing to accept this Notice as service of the document by electronic means.

/s/ J. Blair Norris

J. BLAIR NORRIS