

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

**SECURITIES AND EXCHANGE  
COMMISSION,**

Plaintiff,

v.

**TIMOTHY BARTON ET AL.,**

Defendants,

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**CASE NO. 3:22-cv-2118-X**

**COMPLAINT IN INTERVENTION**

Intervenor Southern Properties Capital, Ltd. (“SPC”) files this Complaint in Intervention to protect its ownership property interest in two real estate developments, Bellwether Ridge and Parc at Windmill Farms. SPC acquired its interest in these developments through the exercise of a conversion provision of loans provided to entities related to Defendant Timothy Barton. The Court-appointed Receiver, Courtney C. Thomas, now seeks to sell SPC’s interests in these development to third-parties, disregarding SPC’s ownership interest. In support of its Complaint, SPC would respectfully show as follows:

1. Plaintiff Securities and Exchange Commission (“SEC”) is an agency of the United States federal government.

2. Defendant Timothy Barton reside in Dallas, Texas.

3. Defendant Haoqiang Fu (a/k/a Michael Fu) is a Chinese national who is a permanent resident in the United States and lives in Spring, Texas.

4. Defendant Stephen T. Wall resides in Mansfield, Texas.

5. Defendants Wall 7, Wall 9, Wall 10, Wall 11, Wall 12, Wall 16, Wall 17, Wall 18, and Wall 19 are Texas limited liability companies with their principal places of business in Dallas, Texas.

6. Relief Defendant DJD Land Partners, LLC is a Texas limited liability company with its principal place of business in Dallas, Texas.

7. Relief Defendant LDG001, LLC is a Texas limited liability company with its principal place of business in Dallas, Texas.

8. Receiver Courtney C. Thomas (“Thomas” or “Receiver”) is an individual residing in Dallas, Texas. Since October 18, 2022, Thomas has acted as receiver over the assets of Defendants, Relief Defendants and other Receivership Entities.

9. Intervenor SPC is a limited partnership organized in the British Virgin Islands. SPC has an ownership interest in the Bellwether and Windmill Farms real estate developments.

### **JURISDICTION AND VENUE**

10. The SEC brought this action pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934. The Court has jurisdiction thereunder.

11. The SEC alleged that certain transaction, acts, practices and courses of business constituting violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 occurred in the Northern District of Texas.

### **FACTS**

12. Defendants Barton and the Wall Entities raised funds from approximately 100 Chinese investors purportedly for the purpose of making investments in real estate projects in the United States. Defendant Fu acted as an intermediary to obtain money from Chinese investors on behalf of Barton and the Wall Entities. Relief Defendants received significant amounts of the money raised by Fu.

13. The SEC sued Defendants and Relief Defendants in the United States District Court for the Northern District of Texas on September 23, 2022. The SEC alleges that Barton, Fu and the Wall Entities violated the anti-fraud provisions of the Securities Act of 1933 through misrepresentations and omissions, including the misappropriation of funds provided by investors. The SEC further alleges that Fu violated the broker-dealer registration provisions of the Securities Exchange Act of 1934. Finally, the SEC seeks equitable disgorgement against the Relief Defendants, alleging that they were unjustly enriched by their receipt of investor funds.

14. Upon request of the SEC, this Court appointed Thomas to serve as receiver on October 18, 2022. On February 22, 2023, Thomas filed two motions seeking to sell certain real property developments:

- a. Receiver's Verified Motion for Appointment of Appraisers, Approval of Appraisals, Approval Hearing, and Approval of Sale of Bellwether Ridge.
- b. Receiver's Verified Motion for Appointment of Appraisers, Approval of Appraisals, Approval Hearing, and Approval of Sale of Parc at Windmill Farms.

15. Intervenor SPC is a land developer. SPC was not named as a Defendant or Relief Defendant in the SEC civil injunctive action. Neither the SEC nor the Receiver has alleged or provided evidence that SPC received investor funds from the victims of Defendants.

16. SPC loaned millions of dollars to the Barton-related entities in connection with the Bellwether and Windmill Farms real estate developments. The loans made in connection with these projects were convertible loans that permitted SPC, at its option, to convert its loan interest to an equity interest. In addition to providing loan funds to the projects, however, SPC also invested millions of dollars of additional funds and managed nearly every aspect of the developments. Thus, SPC not only had a contractual right to the equity in the Bellwether and Windmill Farms projects; SPC *earned* its equity interest in the projects by making substantial expenditures of money, resources and effort.

17. Prior to the appointment of Thomas as receiver in this matter, SPC exercised its option to convert its debt interest to an equity/ownership interest in both the Bellwether and Windmill Farms projects. Accordingly, SPC now holds an ownership interest in the real estate developments that the Receiver seeks to sell through the motions that are now scheduled to be argued before Judge Brantley Starr on March 20, 2023.

18. Despite the protests of the owner, SPC, the Receiver intends to sell SPC's property for the benefit of the Receivership Estate. SPC claims ownership of Bellwether and Windmill Farms and opposes the sale because, as the owner, it has the right to determine whether the projects are sold and, if they are sold, has a right to the proceeds of the sales.

### **CAUSE OF ACTION**

#### **Declaratory Judgment**

19. Intervenor incorporates the allegations in the above paragraphs as if fully set forth herein.

20. As set forth above, there is a substantial controversy between parties having adverse legal interests of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. Specifically, there is a substantial controversy between Thomas and SPC regarding SPC's ownership of Bellwether and Windmill Farms and Thomas's right to sell the developments against the interest and wishes of Intervenors. Thomas has indicated his intent to sell the real estate development through motions filed with the Court and distribute the funds to purported victims of Defendants' fraudulent scheme. Thus there is an immediate threat that Intervenor will lose its ownership interest rights in the real estate developments if a judgment is not entered in its favor.

21. The controversies outlined above will be resolved by the issuance of a declaratory judgment in favor of Intervenor describing one or more of the following:

- a. A declaratory judgment that neither Defendants nor any persons or entities related to Defendants, or owned by Defendants, own an interest in Bellwether or Windmill Farms.
- b. A declaratory judgment that Intervenor is entitled to exercise sole control over Bellwether and Windmill Farms.
- c. A declaratory judgment that Intervenor did not receive any investor funds provided by the victims of Defendants.
- d. A declaratory judgment that Intervenor has the sole right to determine whether Bellwether or Windmill Farms are sold.
- e. A declaratory judgment that Intervenor has the sole right to sell Bellwether or Windmill Farms.
- f. A declaratory judgment that Intervenor has the sole right and ownership over proceeds from any sale of Bellwether or Windmill Farms.

**CONCLUSION AND PRAYER**

WHEREFORE, Intervenor prays that the Court grant it the relief set forth herein as well as all other and further relief to which it may be entitled.

**RESPECTFULLY SUBMITTED BY:**

*/s/ C. Gregory Shamoun*

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing document was electronically filed with the Clerk of the Court using the CM/ECF system, which will automatically send email notification of such filing to all counsel of record.

DATED: March 10, 2023

/s/ J. Blair Norris  
J. BLAIR NORRIS