

Limited Purpose, and Brief in Support. The Supplemental Appendix has been consecutively paginated Supp. App. 090 –App. 108 as follows:

APPENDIX PAGE	DOCUMENT
Supp. App. 092 - 099	Supplemental Excerpt of Barton Testimony, dated March 22, 2021
Supp. App. 100 - 105	Supplemental Excerpt of Barton Testimony, dated May 24, 2021
Supp. App. 106 - 108	Dallas Morning News, <i>US Home Prices Reach All Time High as Dallas-Fort Worth Prices Plateau</i> , dated September 26, 2023

Dated: October 4, 2023

Respectfully submitted,

By: /s/ Michael J. Edney

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CERTIFICATE OF SERVICE

On October 4, 2023 I filed the foregoing document with the clerk of court for the U.S. District Court, Northern District of Texas. I hereby certify that I have served the document on all counsel and/or pro se parties of record by a manner authorized by Federal Rules of Civil Procedure 5(b)(2).

/s/ Michael J. Edney

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1 APPEARANCES:

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11 Also Present:

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1 **Q** Can you really quick just educate those of us
2 who aren't real estate people the horizontal development,
3 what are you talking about there?

4 MR. WALJI: Can I request, Jason, I just sent
5 that e-mail, I'll let Mr. Barton explain, I'm sorry.
6 Please, sir.

7 BY MR. BRAUN:

8 **Q** So Mr. Barton, just if you could explain to us
9 what you mean by horizontal development?

10 A Yes, sir. So the end result of a horizontal
11 development is that you have a home builder ready to build
12 a house on a piece of land. Prior to that you basically
13 had various stages, you can buy raw land, farm land, cow
14 pasture land, and you can buy it in the city, you can buy
15 it outside of the city, but from the most remote process
16 the beginning is to buy raw land, basically farmland that
17 is has no rights to do anything but other than raise
18 cattle or farm. And then you have to talk to the city or
19 the county or whatever governmental relation is over the
20 control of that land in that area and you have to discuss
21 what it is that you want for rights to build houses, the
22 size of the lots, they could be higher density 30-foot
23 lots, 40-foot lots.

24 Mostly what we do is affordable housing,
25 basically housing that's 250 thousand and below. The

1 smaller the parcel of land the less you have to pay for
2 the home lot so we adjust the affordable sector. So after
3 you find the land you have to negotiate with the land
4 owner, it's all part of the horizontal development, you
5 have to negotiate with the land owner, in the land
6 business you want to get a year or more to control the
7 property so you write a contract and you put up a deposit
8 and that deposit may be 50, a hundred thousand, your
9 earnest money, and sometimes it may be released as an
10 option fee to control the land for a year. Or sometimes
11 it just sits there and it's refundable after you do all
12 your review and due diligence and you talk to the city or
13 you might find there is a gas pipeline in the way or some
14 soil problems that it doesn't work then the earnest money
15 is returned, you go away, you lost a little money pursuing
16 costs but you get your earnest money back.

17 A lot of times it's worth the risk, you get
18 nonrefundable money so you have different ways of doing
19 it.

20 Q So you're not just buying land outright in some
21 situations you're just buying the right to start to
22 develop it and figure out if it could work out and if then
23 you decide within that year that it is something you are
24 going to do you would then purchase and complete the land
25 so you own it outright?

1 A It does own and control that property now, yes,
2 it does.

3 Q So Wall 10 purchased the Lost Creek property?

4 A Wall 10 was where there was problems with the
5 zoning and the ability to acquire it. During that one
6 year, year and a half we were unable to ever successfully
7 to get the zoning and the ability to get the ingress and
8 egress on that property. So that one was really
9 problematic.

10 And eventually the seller and us as well, you
11 know, there was a golf course on there and they went ahead
12 and prematurely closed the golf course which is the land
13 that we acquired, and once they close that golf course and
14 the neighbors figured out what was happening that the golf
15 course was being closed they started a whole campaign and
16 brought bus loads of people down to the City of Forth
17 Worth to stop us from getting any approvals to that and
18 then they changed the zoning. So we decided we should
19 wait and see what we were going to do on that property and
20 by then we had spent money in the due diligence and
21 engineering and everything and we had given earnest money
22 of \$300 thousand on the property so we decided to leave
23 that as a loan as a way to keep an option on the property
24 open and if those people could sell it then we could get
25 our money back, and if they couldn't, you know, then they

1 would pay the loan back. In the end they never paid the
2 loan so we went through the foreclose process and took
3 possession of the property.

4 Q So when you say we took possession of the
5 property due to foreclosure, that's Wall 10?

6 A Yes.

7 Q Sitting here today does Wall 10 own the Lost
8 Creek property?

9 A Yes.

10 Q Were the funds from the Chinese individuals that
11 loaned money to Wall 10 were those funds used to purchase
12 that Lost creek property?

13 A No. Not all of them, no.

14 Q What were the funds used for?

15 A Some of it was for the pursuit architects,
16 engineers, and of the earnest money contract, and then we
17 have other administrative costs that were used on that
18 property.

19 So not all of the funds were used for Wall 10.

20 Q Were the Wall 10 funds used for non-Wall 10
21 projects?

22 A Mr. Walji is working through the research on
23 that as we speak, and he will be giving you the update on
24 that as what was used and what was not used.

25 Q So sitting here today do you know or not?

1 PROOFREADER'S CERTIFICATE

2

3 In the Matter of: JMJ DEVELOPMENT

4 Witness: Timothy Barton

5 File No: FW-04420-A

6 Date: Monday, March 22, 2021

7 Location: Fort Worth, Texas

8

9 This is to certify that I, Christine Boyce,
10 (the undersigned) do hereby certify that the foregoing
11 transcript is a complete, true and accurate transcription
12 of all matters contained on the recorded proceedings of
13 the investigative testimony.

14

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17 _____
(Proofreader's Name)

_____ 3-31-21

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1 UNITED STATES SECURITIES AND EXCHANGE
2 REPORTER'S CERTIFICATE
3

4 I, MICHELLE R. PAYNE, Reporter, hereby certify that
5 the foregoing transcript of 157 pages (March 22, 2021) is
6 a complete, true, and accurate transcript of the testimony
7 indicated held on March 22, 2021 at 9:30 a.m. in the
8 matter of: JMJ HOLDINGS, LLC.
9

10 I further certify that this proceeding was recorded
11 by me, and that the foregoing transcript was prepared
12 under my direction.
13

14 Date: March 31, 2021
15 Official Reporter: Michelle R. Payne
16 Diversified Reporting Services, Inc.
17

18 _____
19 MICHELLE PAYNE, Court Reporter
20

21 Notary Public-State of Florida
22 Commission No. GG137749
23 Expires: September 28, 2021
24 Transmittal Number: 312626
25

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17 Also Present:

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1 The bankruptcy problems have been enormous.
2 And frankly, this process with you is damaging
3 and causing a lot of problems. So we're just
4 fighting all those fronts to -- to keep these
5 assets at least moving towards where they can
6 be monetized. That's what we've been doing.

7 **Q So let me go back to something that**
8 **maybe Carol had asked about.**

9 **So if these loans weren't fully**
10 **funded, walk me through why you just didn't**
11 **return the money. What was the commit -- the**
12 **full gamut wasn't reached. We don't have the**
13 **sufficient money for this whole project. We're**
14 **not going to do this, here's the money back.**

15 **A** Right. So I went to Michael Fu. I
16 said: Michael, you've got to send back your
17 the 6 percent. And we got to send it back. We
18 have to stop this. If you're not going to
19 perform and do what you say you're going to do,
20 you know, you got to send you money back to us
21 and we've got to solve this problem. And he
22 said no, I'm not doing that and -- you know,
23 I'm going to give you that money. I'll get it
24 raised, I'll get it raised and he kept
25 promising it so -- I was guessing that maybe he

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1 was going to do it, and I said -- you know, I
2 went and got bank loans so that we could close
3 the projects and keep everything moving, but it
4 just became more and more where Michael said
5 no, he wasn't going to do it. And he said just
6 solve it. So I ended up solving it by getting
7 the bank loans and moving forward.

8 **Q Well, have -- did you -- did you have**
9 **sufficient funds to pay back the interest and**
10 **principal?**

11 A Well, once you -- once you start --
12 you know, once the capital came in, and we
13 started using it, initially, we -- we would
14 have, but once we started the pre-development
15 and started spending, then it became, you know,
16 we're -- he had to send back his money, and we
17 would have had to eat, you know, some of the
18 engineers and architects that were done; but it
19 was a nominal amount, but he was not as willing
20 to do it. And then, I just said, well, if I
21 can get a construction loan, then we can go
22 forward and do it. So that's what we did, so
23 that would solve it.

24 **Q Where was the -- so for the various**
25 **Wall entities -- let's talk about Wall1009, for**

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PROOFREADER'S CERTIFICATE

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3 In The Matter of: JMJ HOLDINGS

4 Witness: Timothy Barton

5 File Number: FW-04420-A

6 Date: Monday, May 24, 2021

7 Location: Fort Worth, TX

8

9 This is to certify that I, Maria E. Paulsen,
10 (the undersigned), do hereby certify that the
11 foregoing transcript is a complete, true and accurate
12 transcription of all matters contained on the recorded
13 proceedings of the investigative testimony.

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16 _____
(Proofreader's Name)

_____ (Date)

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1 C E R T I F I C A T E

2 STATE OF NEW YORK)

3 :ss

4 COUNTY OF NEW YORK)

5 I, TIFFANIE JONES, a Notary Public within

6 and for the State of New York, do hereby certify:

7 That the examination, which hereinbefore set forth was

8 duly sworn and that such an is a true record of the

9 testimony given.

10 I further certify that I am not related to

11 any of these parties to this action by blood or

12 marriage, and that I am not in any way interested in

13 the outcome of this matter.

14 IN WITNESS WHEREOF, I have hereunto set my

15 hand this 24th day of May, 2021.

16 _signature_

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U.S. home prices reach all-time high as Dallas-Fort Worth prices plateau

dallasnews.com/business/real-estate/2023/09/26/us-home-prices-reach-all-time-high-as-dallas-fort-worth-prices-plateau

September 26, 2023



Dallas-Fort Worth home sale prices increased 0.3% from June to July, according to the S&P CoreLogic Case-Shiller home price index. (Smiley N. Pool / Staff Photographer)

A key measure of the U.S. housing market showed July as the sixth month in a row where home prices grew slightly locally and nationally from the previous month. National prices reached a new all-time high, despite higher mortgage rates than in previous years.

Dallas-Fort Worth sale prices increased 0.3% from June to July, a slower growth rate than the 0.7% reported from May to June, according to the S&P CoreLogic Case-Shiller home price index. U.S. prices grew 0.6% to a new all-time high on the index, while D-FW prices haven't yet surpassed their record high in June 2022.

Despite the slight gain on the July report, a separate report based on more recent transactions showed D-FW prices finally began to decline in August. Those numbers, from North Texas Real Estate Information Systems, the listing service used by real estate agents, showed the median sale price of a local single-family home was \$406,000 in August, down 2% from July.

“After a strong 5% cumulative U.S. home price gain since the early spring, monthly increases are plateauing to a seasonal average, which reflects the pressure that higher mortgage rates have put on affordability,” CoreLogic chief economist Selma Hepp said in a statement. “As a result of the early 2023 growth, annual price appreciation should accelerate in the coming months before slowing again. Areas in the Midwest continue to lead the national gains given their relative affordability.”

The Case-Shiller index is a three-month moving average that compares sales-price changes of specific properties over time. While it is a couple of months behind current market conditions, the index’s price estimate is considered more accurate than data from agents, which can be influenced by the type of properties that are selling each month.

In March, D-FW prices fell 1.2% to mark the first year-over-year decline on the Case-Shiller index since February 2012. The index shows local prices were still down 3.8% in July from their pandemic peak in June 2022.

“I really don’t see [home prices] going down much more,” Belinda Epps, president of the MetroTex Association of Realtors and broker and owner of Epps Realty in Mesquite and Royse City, told *The Dallas Morning News* earlier in September. “We don’t have enough houses yet. Even though inventory is picking up, it’s still not where it needs to be in order to balance out this market. It’s just not there yet.”

U.S. home prices were up 1% in July from a year before while D-FW prices were down 3.4%, according to the Case-Shiller index, which tracks 20 local markets. D-FW is the only Texas housing market included on the list.

Nationally, “buyer demand continues to outmatch housing supply, creating upward pressure on home prices despite the fact that home purchase costs are taking up an outsized share of household incomes,” Realtor.com economist Danielle Hale said about the data.

Chicago, Cleveland and New York home prices were up the most from a year ago, but by no more than 4.4%. Las Vegas, Phoenix and San Francisco saw the biggest declines of, at most, 7.2%.

“Markets that saw home prices reset following the recent surge in mortgage rates are expected to see stronger gains over the next 12 months, particularly those in the West,” CoreLogic’s Hepp said.

All of the metro areas that did not hit all-time highs in July were in the Pacific or Mountain time zones except for D-FW and Tampa.

Despite higher home prices than in previous years, D-FW remains a relocation hotspot, ranking No. 8 on a Redfin report showing how many people on the search platform looked to leave their metro areas for other regions during the summer months. Redfin’s research

showed Los Angeles as the top origin of people who looked to move to North Texas.

Mitchell Parton, Residential Real Estate Reporter. Mitchell covers residential real estate across North Texas for The Dallas Morning News. He previously covered commercial and residential real estate for the San Antonio Business Journal and is a graduate of the University of Cincinnati.

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