CAUSE NO. 342-294034-17

FIAMMA STATLER, LP; FIAMMA MANAGEMENT GROUP, LLC; and FRANK ZACCANELLI, JR.,	§	IN THE DISTRICT COURT
	§	
Plaintiffs,	§	
	§	
v.	§	
	§	
A&J CAPITAL INVESTMENTS, INC.; HENRY GLOBAL CONSULTING GROUP, LLC; PNC INVESTMENT COMPANY, LLC; MATTHEW D. CHALLIS; JEFFERIES, LLC; MEHRDAD MOAYEDI; 1914 COMMERCE GM, INC.; 1914 COMMERCE LEASING, LLC; STATLER DEVELOPERS, LLC; 1914 COMMERCE INVESTMENTS, INC., CENTURION AMERICAN DEVELOPMENT GROUP, LLC; CENTURION CUSTOM HOMES, LLC DBA CENTURION AMERICAN DEVELOPMENT; CENTURION ACQUISITIONS, LP; TRIARC CONSTRUCTION, LLC; and NORTH TEXAS EB-5 REGIONAL CENTER, LLC,	§	342 JUDICIAL DISTRICT
	§	
Defendants.	§	TARRANT COUNTY, TEXAS

DECLARATION OF FRANK J. ZACCANELLI, JR.

1. My name is Frank J. Zaccanelli, Jr. I am over the age of 21. I have never been convicted of a felony or a crime against moral turpitude. I am of sound mind and in all respects competent to make this declaration. The facts stated in this declaration are true and correct under penalty of perjury and are based on my personal knowledge. My address is 5608 Bannister Ct. Plano, Collin County, Texas. My date of birth is July 19, 1955. Today's date is March 20, 2020.

2. I am making this declaration in my capacity as manager and sole member of Plaintiffs Fiamma Partners, LP and Fiamma Management, LP, and in my capacity as derivative

representative for Plaintiffs 1914 Commerce GM, Inc. (of which Fiamma Partners, LP owns 25%) and Commerce Statler Development, LLC, (of which Fiamma Partners, LP owns 20%).

3. Commerce Statler Development, LLC (Commerce Statler) is the owner of the real estate for the Statler Hotel & Residences and Old Dallas Public Library Project (the Project). Commerce Statler is also the borrowing entity and landlord for the Project.

4. 1914 Commerce GM, Inc. (1914 Commerce) is the managing member of Commerce Statler. Merhdad Moayedi, individually, owns 75% of 1914 Commerce, and my company, Fiamma Partners, LP, owns 25%. Per the Company Agreements for Commerce Statler and 1914 Commerce, Merhdad Moayedi is the manager of Commerce Statler and the President and CEO of 1914 Commerce.

5. By way of background, I have nearly 40 years of experience in the commercial real estate business in the Dallas/Fort Worth area. I started with The Staubach Co. as a commercial real estate broker, and rose to the ranks of Vice President, and handled clients such as The Perot Group. I was hired by Ross Perot, Sr. and Ross Perot, Jr. to work with The Perot Group and eventually help Mr. Perot and Ross Perot, Jr. start, operate, and grow Hillwood Development. I was the Senior Vice President of Hillwood Development Company. I was the President of Hillwood Investment Company. I, with a very small team, including Ross Perot, Jr., managed and oversaw the design, engineering, financing, and management of the development and construction of Alliance Airport. As part of my duties, I met with the cities of Fort Worth and Haslet, the State of Texas, and the Federal Aviation Authority to secure public financing necessary to make Alliance Airport a reality. I became a minority owner of the Dallas Mavericks when Ross Perot, Jr. purchased the Dallas Mavericks from Donald Carter. I was

appointed President and General Manager of the Dallas Mavericks. As part of my duties, I, along with Ross Perot, Jr., lead the effort to oversee and manage the design, engineering, and development of Victory Park in Dallas and the American Airlines Center. In 2000, after assisting with the sale of the Dallas Mavericks to Mark Cuban, I retired from Hillwood and began my own commercial real estate investment and development company. My company was part of the development team in a $10 billion re-development of two major properties in the heart of San Francisco. The partnership included opening an EB-5 regional center and applying for EB-5 funding for that project. As a result of my experience summarized above, I have gained specialized knowledge in commercial real estate development and construction management as well as in raising and managing government subsidized and regulated capital through municipal, state, and federal monies, including EB-5 loan, Tax Increment Financing, and Federal and State Historic Tax Credit funding.

6. I met Mehrdad Moayedi over 30 years ago. Over the course of three decades, we became friends. Our families became friends. Mr. Moayedi and I and our families took family vacations together. We spent time together in each other's homes with our families, sharing many meals. Over the years, we confided in each other regarding personal, financial, and business matters, and exchanged personal, financial, and business advice. After nearly three decades, we developed a relationship of trust and confidence.

7. In 2014, at Mr. Moayedi's invitation and after discussions with Moayedi, I agreed to become an owner in two projects that Mr. Moayedi's company, Centurion American Development Group (Centurion), was contemplating developing in Dallas (The Statler Hotel) and in two DFW suburban cities, Westlake (Entrada) and Flower Mound (Riverwalk). I told Mr.

Moayedi that I wanted to be a minority-percentage owner in the Project; that I wanted to be the manager of the Project; and that I would not agree for there to be any priority or preferred capital or priority or preferred distribution in the Project. I told Mr. Moayedi that I would only enter into a percentage interest capital and distribution agreement and would not sign an agreement that gave Mr. Moayedi or any of his companies preferred or priority capital or preferred or priority rights to distribution. We agreed to a 75% and 25% split of the ownership interest without priority or preferred capital or distribution.

8. I invested $600,000 in the Statler project. At the end of 2015, it was calculated that my equity investment in the Statler was worth approximately $1.2 million.

9. Consistent with our prior negotiations and verbal agreement, a written Company Agreement regarding the Statler was entered into between Mr. Moayedi and me signed by Mr. Moayedi and me. *A true and correct copy of the* ***First Amended and Restated Company Agreement 1914 Commerce GM, Inc.****, (the Company Agreement) which is attached here to this Declaration as* ***Exhibit 1***. Per the Company Agreement, there was no priority capital between Mr. Moayedi's 75% and my 25% ownership in 1914 Commerce GM, Inc. Nor were any distributions to be paid on a preferred capital basis, but only on a percentage ownership basis. *Id.* A **Company Agreement** was also entered into regarding **Commerce Statler Development, LLC**, *a true and correct copy of which is attached as* ***Exhibit 2****.*

10. The Statler Project started in 2014. The business plan of the projects featured the hotel, food/beverage/entertainment venues, apartments, 30,000 sq. ft. of retail space, and commercial office space, all of which are income generating. The profit projections for the Project were in

excess of $10 million annually, according to the **business plan pro forma** prepared by Mr. Moayedi and Centurion, *a true and correct copy of which is attached as **Exhibit 3***.

11. Mr. Moayedi entered into a written contract with my company, Fiamma Partners, LP, to serve as Owner's Agent per a written **Owner's Agent Agreement**, signed by Mr. Moayedi and me, and approved by EB-5 loan manager A&J Capital. *A true and correct copy of which is attached here to this Declaration as **Exhibit 4***.

12. Mr. Moayedi and Master Tenant Majority Owner, PNC Bank, hired my company, Fiamma Management, LP, to serve as the Project's Omnibus Property Manager per a written **Omnibus Property Management Agreement** signed by Mr. Moayedi, PNC Bank, and me. *A true and correct copy of which is attached as **Exhibit 5***. The form of the Management Agreement was imposed by PNC Bank as part of PNC Bank's requirements as majority owner of the Master Tenant and Federal Historic Tax Credit Purchaser. Per these two Agreements, Fiamma Management, through me serving as the managing partner, was in charge of (a) managing financing and funding, (b) overseeing, developing, and managing design, construction, schedule, budget, and expenditures, (c) negotiating and entering into contracts, and (d) hiring and managing the architect and construction general contractor. Under Fiamma's management, the Project was on schedule, within budget, and originally scheduled to open in November 2016 within a budget of $180 million; but after Fiamma's wrongful termination, the Project's opening was delayed nearly a year.

13. Still, the Project has been open and operational since October, 2017. Based on public records and reports, it is apparent that the Project is meeting or exceeding profit projections of $10 million annually. The Project has obviously proven highly successful in hotel room night

bookings, food and beverage sales, entertainment venue event sales, and residential, retail, and commercial leases, neither Fiamma Partners, Fiamma Management, nor I have received any payments, fees, or distributions of cash for work and investment in the Project or for my 20% ownership interest in the Project. Nor have periodic financials or company books and records been provided. Nor have I received signed tax returns. I have received only partial, incomplete financial records with questionable accuracy and reliability through the court litigation discovery process in the currently-stayed litigation pending in the 342nd District Court in Tarrant County. I cannot obtain court orders compelling proper production of books and records because the discovery in the lawsuit in the 342nd district court is on hold due to a procedural stay in place while the 2nd Court of Appeals reviews an interlocutory appeal filed by, PNC Bank, after it unsuccessfully sought dismissal based on the antiquated version of the anti-SLAPP statute in 2018. Accordingly, Plaintiffs/Appellees bring this Motion to Lift the Stay, Appointment of Receiver, Accounting, and Turnover to seek a temporary and limited lifting of the stay in the 342nd district court to allow for the appointment of a receiver to gain access to the books and records, P&L Statements, ledgers, bank statements, reliable tax returns and K-1s of the Project and perform an audit and prepare an audit report as to the income, expenses, profit, and distributions of the Project so that a determination can be made as to whether or not distributions have been paid to shareholders of 1914 Commerce, on what basis, the amount of distributions have been made, the amount of distributions in cash that should be paid to my company, as 20% owner of the Project, and an order entered requiring turnover of payment of all distributions that should have been paid to my company in the past and ordering payment of all future distributions owed to my company be made at the same time as payment of distributions to any other shareholders.

14. As to management of the Statler, initially, the Company Agreement for Commerce Statler Development, LLC designated 1914 Commerce GM, Inc. as managing member of Commerce Statler Development, LLC. Per the Company Agreement, Mr. Moayedi was designated as the manager of the managing member. *Id*. Mr. Moayedi is and has always been the manager. Initially, Mr. Moayedi was the manager. As manager, Mr. Moayedi was entrusted with making decisions in all respects, including financial decisions such management of money and incurring expenditures, as well as operational decisions, such as hiring construction managers and negotiating and entering into contracts with construction contractors. *Id*. Further, as manager, Mr. Moayedi was the signatory on the bank account authorized to order transfer of funds. *Id.* However, in 2015, Mr. Moayedi delegated and assigned project management duties to me by entering into the Owner's Agent Agreement with Fiamma Partners, LP and the Omnibus Property Management Agreement with Fiamma Management, LP.

15. The Project was to be funded by four sources of capital, (1) EB-5 loan funds from Chinese investors in the amount of $80 million; (2) TIF funds from the City of Dallas in the amount of $46 million; (3) Federal Historic Tax Credits (FHTC) and State Historic Tax Credits (SHTC) in the amount of $60 million; and (4) some owner equity, including Mr. Zaccanelli's capital investment that was last valued at $1.2 million. Fiamma was instrumental in the acquisition of the real estate for the Project. The property was subject to a note held by a Hong Kong lender which was blocking the sale of the property to the Project. Fiamma helped clear the way for the lender's approval of the sale by way of Fiamma's work with its contacts in China

and with others in close contact with the Hong Kong lender. Without Fiamma's investment of time, effort, expertise, and relationships, the acquisition of the Project would likely never have occurred.

16. Regarding the senior loan for the Project that was derived from EB-5 funds, I lead the effort in obtaining approval of the EB-5 loan program package application from the USCIS, and assisting the project's promotor/broker-dealer/lead agent, Henry Global, with raising the remainder (and majority) of the capital investment for the project in the form of EB-5 loan funding. The EB-5 funding was to occur through an organizational structure that collected funds from each 300 Chinese investor in an escrow account with the Bank of China. When the funds were authorized to be released after milestones reached, draw requests submitted, and status reported to the investors, a portion of the funds would be released to an entity created by A&J Capital, whose managing member was initially Mr. Moayedi and then was supposed to be delegated wholly to A&J Capital. A&J was to receive draw requests for design and construction from Centurion, and then A&J was to notify the Bank of China for funds to be released from escrow as approved by the investors. Those funds would then be released to the bank account managed by A&J, and then from the EB-5 bank account, funds were to be transferred to Statler to pay for draw requests, and then Statler relied on a third-party vendor, Cohen Financial, to disburse the money to construction and design contractors and sub-contractors and other vendors such as inspectors and material suppliers. No monies should be transferred from A&J's bank account to any entity other than the Statler. However, documents obtained in the discovery process of litigation reveal money from the Project transferred to help retire other indebtedness and ventures in which Plaintiffs have no interest, including the Mercer Crossing project in

Farmers Branch, Texas developed by Centurion American, Mr. Moayedi, and funded by the United Development Fund (UDF).

17. In addition to investing in the Statler project monetarily, I also invested heavily by assisting Centurion and its promoter/broker/dealer/agent, Henry Global, in the EB-5 fundraising efforts for the Statler, efforts for which I was not fully compensated or reimbursed for my personal expenditures incurred in those efforts other than a one-time payment to Fiamma in the amount of $185,000, from which Mr. Moayedi directed me to pay $50,000 to Centurion's Jeff Shirley and, at Mr. Moayedi's direction, $90,000 to a company by the name of Tripex, which the discovery process through the court system has revealed to be owned by current A&J Capital employees Alex Verba and Harry Aharomian and former A&J Capital employee Ming Yu, who now owns and operates a company doing business with Centurion and Mr. Moayedi by the name of Evergreen. Only $45,000 of the $185,000 paid to Fiamma actually went to Fiamma. But neither Fiamma nor I were otherwise compensated for the expertise, advice, time, expense, or effort invested in the Project.

18. Regarding EB-5 fundraising, I travelled to China once on behalf of MRW and twice on behalf of Statler, spending 15 to 20 days in China per trip and stopping in 12-15 cities per trip and met with a total of approximately 1,500 to 2,000 potential investors. There were over 2,000 potential investors at the Beijing fundraising conference alone. I met with the Chinese EB-5 fund promoter/broker-dealer/lead agent, Henry Global's employees. Because of my background with The Perot Group, Hillwood, and the Dallas Mavericks (as our ownership group with the Dallas Mavericks signed Chinese National Wong JuJu, which became a centerpiece of the conferences), Mr. Zou asked that I serve as one of the keynote speakers for the final presentation

meeting at which I spoke to potential investors who attended the meetings. The only members of the fundraising road show team who attended the meetings were Henry Global employees and me and my team. I was introduced to and provided the names, titles, and roles of each of Henry Global's employees attending the road show meetings. During the 45-60 days I spent with Henry Global, I learned how Henry Global promoted the EB-5 investment meetings for the MRW project and recruited attendees. Not once did anyone from a company by the name of Sino or Sino-US attend any of the meetings or participate in any of the fundraising, promotion or recruiting efforts. Nor did anyone ever mention "Sino" or "Sino-US" during the road show or during any of the meetings. Further, not once did I meet anyone by the name of or hear any reference to anyone by the name of Lu Zingliu, the purported signatory of written agreements between FloMo and Sino-US and LLSF and Sino-US executed on a date subsequent to and after all of the $150 million EB-5 loan funds closed, were disbursed to FloMo and A&J, and available for drawing down upon to pay for vertical construction, thereby negating the contention that Sino-US actually played any role or performed any work in raising the EB-5 funds for MRW, as their agreements are prospective and the services they were to render had already been performed by Henry Global with my assistance and the funds already raised and fully funded.

19. When I was in China helping Henry Global raise EB-5 funds, the Henry Global employees prepared a brochure and power point presentation [***See Exhibits 6 and 7***, true and correct copies of the power points] for the fundraising road shows in China, which was displayed at each meeting to the potential-investor attendees in the Mandarin language, while I was provided with the same version of the power point in English. The names of the companies

involved in the fundraising efforts were prominently displayed in the brochure and power point. Sino and Sino-US were not identified.

20. The information about the EB-5 fund presented to the potential investors at the road show meetings described an $80 million for the Statler Hotel project requiring one-time investment from each investor of $500,000 in exchange for U.S. Immigration Visas and Green Cards. The goal for the Statler fundraising was to recruit individual investors to clear approval through the USCIS and obtain their $500,000 investment. The roadshows were a success, as a total of $230 million in EB-5 funds was raised for both the MRW and Statler Hotel projects combined.

21. As a result of my fundraising efforts, the EB-5 loan was approved. The TIF was approved by the City of Dallas in the amount of $46 million. The environmental remediation of the Project was successful under Fiamma's management.

22. In 2015, under Fiamma's management and leadership in working nearly every day over a year with Merriman Anderson Architects and Hill & Wilkinson contractors, the construction of the exterior shell of the Statler project was on time and within budget. Planning for the interior finish out began. I obtained a bid from the exterior construction contractor, Hill & Wilkinson, for $39 million, which was within budget. I, through Fiamma, on behalf of the Project, and with the recommendation of architect Merriman Anderson Architects, was prepared to enter into an interior finish out construction contract with Hill & Wilkinson in early 2016. Unbeknownst to me, anyone at Fiamma, or at Merriman Anderson, as of October, 2015, Mr. Moayedi had already secretly and without authority entered into a sole-source contract with his construction company, TriArc Construction, to serve as the construction contractor for the interior finish out of the Project behind Fiamma's back. At the time of the execution of the contract with TriArc, Mr.

Moayedi did not have the authority to enter into the TriArc agreement, as Fiamma Partners was the only authorized representative of the Project at that time.

23. In February 2016, Mr. Moayedi asked to meet with me. I met with Mr. Moayedi three times. The first meeting was at Mr. Moayedi's house, at which time Mr. Moayedi stated to me that the Project loan and subsidy fund money was "our money"; that it belonged to us to do with what we wanted because it was "ours." He said we could use the money in any way we chose, and that no one would have to know or would ever know. I told Mr. Moayedi that I was not interested in doing that. The second meeting was at my house. Mr. Moayedi said to me while sitting on the couch of my personal study that he wanted to use his construction companies to perform the construction for the Statler and MRW projects. I told him that I would not agree to participate in the scheme. I also told Mr. Moayedi that I did not find his construction companies to be competent and that I did not trust his construction companies. I told him that I wanted to hire Hill & Wilkinson because they had already performed timely, efficient, and economical work on the exterior of the Statler Hotel, and were approved by architect Jerry Merriman. Because of these facts, I told Mr. Moayedi I refused to hire his construction companies as the lead contractors. Mr. Moayedi became angry at my refusal to cooperate in his fraudulent scheme and he quickly left my house. The third meeting was at Mr. Moayedi's office, which was cut short as soon as it began because Mr. Moayedi received an interrupting phone call from, as Mr. Moayedi stated, "the Department of Justice" who was calling him. That was the last time I have seen or spoken with Mr. Moayedi.

24. On or about February 28 and March 1, 2016, I received Notice of Termination letters from Mr. Moayedi's, Commerce Statler's, and 1914 Commerce's representatives purporting to

terminate my contracts as the Omnibus Property Manager and Owner's Agent on the Statler Hotel project. The letters failed to state any reason or cause for termination. The letters lacked any of the contractually-required cause for termination and gave no contractually-required advanced 30-days' notice or 30 days' opportunity to cure. I was told not to communicate with Project personnel. To this day, Mr. Moayedi, his companies, their representatives, or any of their lawyers have ever informed me or my lawyer of the alleged cause of the purported termination of my management contract for the Statler Hotel project and removal and cease and desist from the project property and personnel for Statler and MRW.

25. In light of the termination of Fiamma's owner agent and management agreements, Mr. Moayedi re-gained exclusive managerial control and decision-making. By contrast, now, neither I nor anyone affiliated with Fiamma had any such control or power. We were not even signatories to the bank accounts. 1914 Commerce GM, Inc., Fiamma, and I had to rely upon and did rely upon Mr. Moayedi to uphold his duties of loyalty and care and fiduciary duty in carrying out their managerial control and decision-making, and as described above, and we have done so to our detriment.

26. Per the Company Agreement, 1914 Commerce and Mr. Moayedi owed a duty of care and loyalty and as well as a fiduciary duty. Mr. Moayedi expressly warranted and represented to me in writing in the Company Agreement that they would exercise loyalty and care to us and act as our fiduciary and that they would not violate the terms of the Company Agreement. Fiamma Partners, LP, Fiamma Management, LP, and I (as manager and owner of the only other member of the Fiamma entities), reasonably relied upon Mr. Moayedi to carry out his duty of loyalty and care and fiduciary duty, and not violate the Company Agreement or such duties of loyalty and

care and fiduciary. I, Fiamma, and 1914 Commerce reasonably relied on Mr. Moayedi's representations and warranties to become investors in the Project. We would not have entered into the Company Agreement and agreed to become a partner in the project but for the representations of Mr. Moayedi as to his duties of loyalty, care, and fiduciary. We relied on Moayedi's representations to our detriment, as the value of our interests have been substantially diluted and reduced by the more than two years delay in the completion of the project, as Mr. Moayedi, through his development company, Centurion, and through his construction company, TriArc, and through his newly-formed construction management company, CAAMCO (operated by former Centurion employee Michael VanHuss), front-end loaded and over-priced fees, costs, and charges paid to Mr. Moayedi and his affiliated companies have diluted the value of my interest. Had Mr. Moayedi upheld his duties of loyalty and care and fulfilled his fiduciary duties, Fiamma Management and I would have realized management fees of over $2 million annually since 2016 and profits from the revenue generated from the operation of the Statler Hotel, Residences, and Old Dallas Public Library (leased to The Dallas Morning News). Accordingly, Plaintiffs have sustained damages in the form of dilution in the value of our interests in the project and lost profits and will likely sustain such damages in the future.

27. Since the wrongful termination of my owner's representative and management contracts, I have reviewed the budget for the Statler project. The budget has increased by at least $75 million from the original budget that I developed in 2014 at $180 million to an astronomical $255 million and, according to the latest documents received through the discovery process, the Project budget has ballooned to upwards of $295 million. I have also reviewed plans, renderings, and photographs of all aspects of the completed Statler project. The design,

materials, quality, and features of the Statler project, in all respects, is the same as that which I developed with the architect and construction contractor in 2014. Nevertheless, the cost of the Statler project is $255 million to $295 million, a staggering $75 million to $100 million more than its estimated cost in 2014.

28. Mr. Moayedi also engaged in self-dealing by entering into sole-sourced construction contracts on the project with companies owned and/or controlled by Mr. Moayed. TriArc was hired by Centurion and Mr. Moayedi as construction manager and interior finish out contractor. When Mr. Moayedi wrongfully terminated Fiamma's contracts, Mr. Moayedi replaced Fiamma with a company he formed after Fiamma's wrongful termination, CAAMCO, and appointed Centurion employee, Michael Van Huss, who has no qualifications or experience as a project manager. Mr. Moayedi sole-sourced contracts with his companies and employees in direct violation of the PNC Bank Operating Agreement's prohibition against conflicts of interest, and instead of following state law and contractually-required competitive bidding process.

29. Not one competitive bid has been sought or obtained to compete with TriArc, as according to Michael VanHuss of CAAMCO in his email to Centurion employee Michael Beatty, the "word on the street" is that no competing contractors will bid on the Project so long as TriArc is involved as any bids are merely solicited as straw men for TriArc to beat. Centurion and Mr. Moayedi benefited by this conflict of interest and self-dealing through delaying the project construction progress, artificially (but not actually) purporting to increase the cost, causing Centurion to create an artificial increase in the budget, and the need for seeking approval for additional funding to further increase the profit margin of Centurion and Mr. Moayedi's owned/controlled construction companies.

30. In March, 2016, according to deposition testimony and deposition exhibits of PNC Bank, Mr. Moayedi delivered a request to PNC Bank for a budget increase and the right to apply for, obtain, and sell additional Federal Historic Tax Credits to PNC Bank, the majority owner of the Project's Master Tenant, who had purchased the Federal Historic Tax Credits for the Project in exchange for cash and management and control over the Project by way of PNC Bank's Operating Agreement for the Master Tenant. Mr. Moayedi met with and, according to emails produced by PNC Bank, wined and dined PNC Bank's representative while she was in Dallas and in doing so persuaded PNC Bank to allow for the budget increase, application for additional Federal Historic Tax Credits in excess of $100 million, so Mr. Moayedi could sell the additional Federal Historic Tax credits to PNC Bank and abscond with the excess cash.

31. In April, 2016, Mr. Moayedi responded to my multiple requests for books and records by providing a single electronic file budget spreadsheet. The spreadsheet revealed that the budget for the Statler project had artificially increased to exceed $255 million, but with no change in scope of the design, construction, and materials for the Project.

32. In July, 2016, I received a Notice of Shareholder Meeting and a Request for Capital Call from Mr. Moayedi advising that the construction budget had increased and, therefore, additional capital from the shareholders would be needed. I responded by in writing by requesting the underlying documents containing the details of the construction cost increases, including design changes, changes of scope, change orders, materials, labor, and other cost reports. Mr. Moayedi never responded to my request.

33. In August, 2016, I discovered through financial investigation by financial consultants hired by Fiamma who accessed Bloomberg that Mr. Moayedi had sold the majority of the TIF

subsidy asset of the Project through a municipal bond offering underwritten by Jefferies, LLC, wherein $41 million of the $46 million TIF was sold to Jefferies for $26 million cash paid to an entity by the name of MMCA, LLC, that had no role with the Project, that had been created as an entity just days before the TIF sale funded, and that was wholly owned by Mr. Moayedi. Documents produced by the Public Finance Authority of Wisconsin reveal that Jefferies then sold the bonds to a third party believed to be a public employee pension fund.

34. The Official Statement for the TIF bond offering, authored by Matthew Challis of Jefferies' Dallas, Texas office, represented in writing that the basis for Mr. Moayedi selling the TIF that generated the bond offering was an alleged change of scope in the design and construction of the interior finish out of the Project that upgraded the luxury status of the hotel and the materials of the finish out of the Project so that, in turn, allegedly resulted in an increase in the cost of construction necessitating an increase in the construction budget and a need for immediate substantial cash. Jefferies represented in the Official Statement that the cash from the sale of the TIF was to be used for the construction of the upgrades of the Project scope. None of these written representations by Mr. Challis and Jefferies were true.

35. The Project's construction documents, photos of the Project, and observations of the Project reveal that no change in scope of design or construction occurred as described in the Jefferies Official Statement prepared by Mr. Challis, at least not nearly to any degree that would necessitate a sale of the TIF at such a drastically steep discount for $26 million in cash. In fact, what has been constructed at the Project is substantially the same the design and specifications of the Project that I worked with Project architect Jerry Merriman, AIA of Merriman Anderson Architects to develop, cost, and budget in 2014 and for which Hill & Wilkinson submitted a bid

of $39 million for the interior finish out within the then-existing budget of $180 million in 2015. Based on my observations from the exterior and publically-available photos and review of construction documents, no upgrade or "change in scope" to the Project occurred, yet the cost of the interior finish out alone of the Project increased by at least $75 million to $100 million.

36. Neither Fiamma nor I have received any distributions from the $26 million cash proceeds from the TIF sale. Ironically, I received a K-1 from Mr. Moayedi through 1914 Commerce informing me that I received income from the $26 million sale in the amount of $5.2 million, which is 20% of $26 million. I have never received such income. I have repeatedly demanded copies of signed and filed tax returns from 1914 Commerce, but have yet to receive any.

37. During Fiamma's time as the manager of the Statler, we engaged in negotiations with A.H. Belo Corp., parent company to The Dallas Morning News, for the lease of 80,000 plus square feet of office space in the Old Dallas Public Library building adjacent to Statler Hotel as the new headquarters for The Dallas Morning News. Fiamma had several back and forth discussions and communications with Belo's broker and initially quoted per the projects pro forma approved by PNC and A&J Capital with strict instructions that from both PNC and A&J Capital that we could not deviate below such stated minimum rates. Accordingly, Fiamma quoted a starting price per square foot on a ten year lease at $25.00 psf. escalating to $28.00 psf., within market and not below the stated minimums imposed by PNC and A&J Capital. During those discussions Fiamma also quoted per our pro forma approved by PNC and A&J Capital the amount of $2 million for finish out allowances as part of the lease proposal. Fiamma estimated at that time that the total finish out cost for their space was about $4 million to $4.5 million dollars total to meet the specifications Belo had provided. After Fiamma's wrongful termination

in February of 2016, documents obtained by way of subpoena through the court's discovery process that Mr. Moayedi had changed the terms of the deal with Belo/The Dallas Morning News in direct conflict of the approved by PNC and A&J Capital to include starting the lease at $17.50 psf., $7 to $8.00 psf. under the market. that, instead of the $2 million in finish out allowance that Fiamma quoted, Mr. Moayedi and his team working directly with Belo/The Dallas Morning News as a co-development partner raised the overall finish out total from $4 million to an astronomical $15 million with Belo/The Dallas Morning News not paying anything for their share. Documents obtained from Belo/The Dallas Morning News and CBRE by way of subpoenas issued through the court discovery process revealed that Mr. Moayedi and his development partner, Belo/The Dallas Morning News and its broker, CBRE, falsified bids from two other construction companies that were taken from a different project to appear as though two competing bids submitted on the finish out for The Dallas Morning News headquarters space to $15 million and cost. Subpoenas issued to the two other companies who were represented to be competing bidders to TriArc revealed that both companies acknowledged that they NEVER bid on the Project. Enclosed are those documents. By way of further discovery through the courts, documents were produced that reveal Centurion, Mr. Moayedi and his construction company, TriArc, applied to the U.S. Parks Service and the Texas State Historical Department for state and federal historical tax credits based on the fraudulent bid sheets and obtained $6 to $7 million of state and federal historical tax credits through that process, and that PNC Bank purchased the fraudulently-procured federal historic tax credits from Centurion and Mr. Moayedi, all of which is completely in violation of the federal and state historical tax credit rules and fraud on the taxpayers. I asked to meet with Belo and The Dallas Morning News, and offered to keep the discussion confidential and to not disclose the information exchanged in the meeting; but Belo and The Dallas Morning News refused to meet.

38. Documents produced by Belo/The Dallas Morning News, including a flow chart of funds and uses of funds prepared by the public finance tax attorney for 1914 Commerce, show that, contrary to the Jefferies Official Statement, at least $23 million of the $26 million in cash paid to MMCA, LLC (100% owned by Mr. Moayedi) was not re-invested back into the Project but, instead, paid as a developer's fee to Centurion, in violation of the Official Statement, the PNC Bank Operating Agreement, and the Texas Local Government Code and Texas Tax Code, thereby rendering the bonds null and void and unable to be paid as the City of Dallas is prohibited from paying the TIF to the Project. The IRS subsequently disallowed the tax exempt status of the interest on the TIF bonds issued by Jefferies because the cash from the sale of the TIF was not being used for a municipal purpose but rather to benefit the developer.

39. The ultimate cost of construction for the Project is publically reported to be $255 million, and documents produced in litigation indicate the ultimate final budgeted amount was $295 million, at least $75 million to $100 million more than the budgeted cost I developed with Merriman Anderson Architects and Hill & Wilkinson in 2014-2015 with the same or substantially similar design and construction scope of work and materials. The result of the budget increase allowed for the application and obtaining of additional funding through additional EB-5 loan money of $10 million, $26 million in TIF sale proceeds, and $40 million in additional Federal and State Historic Tax Credits --- all based on artificially inflated and fraudulently prepared budgets --- is a markup of and net profit realization for Mr. Moayedi, Centurion, PNC, and TriArc of 75% to 100%.

40. Meanwhile, Fiamma Partners and Fiamma Management have received no compensation for the performance of their contracts and I have received nothing from my 20% ownership in the Project and my 25% ownership in 1914 Commerce, the majority owner and managing member of the Project, despite the highly and frequently publicized financial success of the Project.

*/s/ Frank J. Zaccanelli, Jr.*___________________
Frank J. Zaccanelli, Jr.