

CAUSE NO. 2022-68763

HOUSTON SECURED DEVELOPMENT PARTNERS, LLC	§ § §	IN THE DISTRICT COURT OF
V.	§	HARRIS COUNTY, TEXAS
HSDP BAM, LLC and JOSEPH JACKSON	§ §	151 ST JUDICIAL DISTRICT

**PLAINTIFF'S SECOND AMENDED PETITION
AND APPLICATION FOR INJUNCTIVE RELIEF**

Plaintiff HOUSTON SECURED DEVELOPMENT PARTNERS, LLC files this Second Amended Petition against JOSEPH HACKSON, HSDP BAM, LLC, BAYLOR ASSET MANAGEMENT, LLC, RL 360 FUNDING LLC, JCLZ LEGACY LLC, DCT ENTITY MANAGEMENT LLC, and DVI OPPORTUNITIES UNLIMITED, INC., and in support thereof, respectfully represents:

I. DISCOVERY CONTROL PLAN

Plaintiff intends to conduct discovery under Level 3 pursuant to Texas Rule of Civil Procedure 190.3, and affirmatively pleads that it seeks monetary relief over \$1,000,000 and non-monetary relief.

II. PARTIES

Plaintiff HOUSTON SECURED DEVELOPMENT PARTNERS, LLC is a domestic limited liability company organized and operating under the laws of Texas. DMI SECURITIES, LLC, a minority member, brings this suit derivatively on behalf of HOUSTON SECURED DEVELOPMENT PARTNERS, LLC.

Defendant JOSEPH JACKSON is an individual residing in Harris County, Texas and has appeared and answered.

Defendant HSDP BAM, LLC is a limited liability company organized and operating under the laws of Texas, with its principal place of business located in Houston, Harris County, Texas, and has appeared and answered.

Defendant BAYLOR ASSET MANAGEMENT, LLC can be served with process by delivering the citation and petition to its Registered Agent Chemene P. Jackson at 5111 Chenevert, Houston, Texas 77004 or wherever she may be found, or to its President, Chemene Jackson at 3414 Ozark St., Houston, Texas 77021 or wherever she may be found.

Defendant RL 360 FUNDING LLC can be served with process by delivering the citation and petition to its Registered Agent DVI Opportunities Unlimited, Inc. at 4110 Alameda Rd #8232, Houston, Texas 77004, or wherever it may be found.

Defendant DCT OPPORTUNITY FUND LLC can be served with process by delivering the citation and petition to its Registered Agent Arlen M. Driscoll at 2034 Sull Ross, Houston, Texas 77098, or wherever he or she may be found.

Defendant JCLZ LEGACY LLC can be served with process by delivering the citation and petition to its Registered Agent Amos Brown at 3653 Griggs Road, Houston, Texas 77201 or wherever he may be found.

Defendant DCT ENTITY MANAGEMENT LLC can be served with process by delivering the citation and petition to its Registered Agent Nathaniel Dodson at 1431 E. McKinney St., Suite 130, Denton, Texas, or wherever he may be found.

Defendant DVI Opportunities Unlimited, Inc., can be served with process by delivering the citation and petition to its Registered Agent Joseph Jackson at 18001/2 Palm Street, Houston, TX, 77004, or wherever he may be found.

III. JURISDICTION AND VENUE

This Court has jurisdiction over the parties and this dispute since the amount in controversy exceeds the minimum jurisdictional limits of this Court. This Court has personal jurisdiction over all Defendants because their residences and/or principal places of business are located in Texas. Venue is proper in Harris County under Section 15.002 of the Texas Civil Practice and Remedies Code, because all or a substantial part of the events or omissions giving rise to the claim occurred in Harris County, and because the Defendants reside in Harris County, Texas.

DMI SECURITIES, LLC has standing to pursue this derivative proceeding on behalf of HOUSTON SECURED DEVELOPMENT PARTNERS, LLC because it was a member of this Limited Liability Company at the time the acts and omissions at issue occurred, and it fairly and adequately represents the Company's interests. The demand contemplated by Section 101.453 of the Texas Business Organizations Code was not required because the Company faced irreparable injury if the emergency injunctive relief was not sought and obtained before 90 days would have expired.

IV. BACKGROUND FACTS

Plaintiff **Houston Secured Development Partners, LLC** ("HSDP" or "the Company") was formed in May 2016 in the State of Texas for the purposes of conducting a real estate investment business, specifically to include the acquisition of multifamily and single-family residential properties in the Houston, Texas area, development through ground-up construction or rehabilitation, and then lease and/or sale of the properties. HSDP is an investment fund, capitalized by the sale of membership units.

The members of HSDP agreed to appoint **HSDP Management, LLC** as its governing person pursuant to Section 101.251 of the Texas Business Organizations Code. HSDP Management, LLC was also formed in May of 2016 for the express purpose of managing HSDP, and it is currently controlled by **Joseph Jackson**, an individual who resides in Houston, Texas.

The HSDP Operating Agreement includes specific language regarding distributions that will be made to the members of the LLC as well as allocation of profits and losses, and vests authority to manage such distributions and allocations, as well as all other company operations, to the Manager HSDP Management, LLC (“HSDP Management”) and specifically to Joseph Jackson. Jackson has failed to manage the assets of HSDP and has failed to make distributions as called for in the Operating Agreement.

The formation of HSDP and issuance of membership interests generated an investment fund with approximately \$4.2 million in capital. Since the inception of the fund, the Company’s books and records reflect that the Manager caused HSDP to acquire various tracts of land, using fund assets and/or debt. Additionally, the Manager has caused HSDP to expend fund assets for what appear on the books to be development and construction costs. The books and records further reflect that certain properties have been sold; however, since the inception of the fund, only one distribution (from one property) has been made to the members. Significantly, a review of the books and records revealed that the fund currently owns only 13 lots valued at approximately \$1 million. None of the property sales to date were reported as a loss. Yet \$4.2 million was raised. **The Manager has failed and refused to account for the remaining value of the fund,**

approximately \$3.2 million. Additionally, the books and records reflect that the Manager has securitized some of the fund's fixed assets in order to secure hard money loans for the development of the properties, which may further impact the value of the fund. Upon information and belief, Defendants have used, borrowed, and diverted HSDP assets for their own use and benefit, against the best interests of HSDP and in violation of their duties owed to the Company.

Shortly after formation, HSDP entered into a Construction Management and Services Agreement with Baylor Asset Management, LLC, which is a Texas limited liability partnership owned and operated by Joseph Jackson.¹ This agreement provided that Baylor Asset Management, LLC would manage and perform all of the construction work required to develop the HSDP properties, in consideration for a fifty-percent ownership interest in HSDP. The Company complied with the agreement and issued fifty (50) Sponsor Units to Jackson's company HSDP BAM, LLC. Unfortunately, Baylor Asset Management, LLC has not complied with its obligations under the contract. Baylor Asset has failed to perform the contracted services, and/or has failed to perform them with the care expected of a reasonably competent construction manager, from the permitting process through construction. Baylor Asset's breaches have resulted in multiple claims and lawsuits filed against HSDP, causing damages. Despite being handed over \$4 million with which to acquire and develop properties, some properties were not developed at all; other projects dragged on for months and months, resulting in

¹ Baylor Asset Management, LLC may be co-owned by Joseph Jackson's wife, Chemene Jackson, who is a manager and officer of the company according to the publicly filed corporate records.

unnecessary financing expenses including interest payments. Jackson transferred HSDP funds to Baylor Asset without the contractually required documentation to support those transfers as the reimbursement of Reimbursable Costs or Trade Contract Costs. Upon information and belief, Jackson and Baylor Asset have also engaged in self-dealing and have used HSDP funds to improve their own asset portfolios and those of their affiliates.² Jackson and Baylor Asset have refused to turn over documents to support financial transactions and transfers to Baylor Asset.

Further, due to the Defendants' misconduct, HSDP has been sued in a lawsuit over one of the properties developed and sold by the fund, based on an allegation that the Manager fraudulently sold a portion of a duplex as a triplex, in violation of the plat.³ This lawsuit, caused solely by Jackson and Baylor Asset's mismanagement of the development and construction of this property, could result in liability on the fund that would greatly exceed its value, and has caused immediate damage to HSDP in the form of attorney's fees and expenses required to defend itself against the lawsuit.

Additionally, Joseph Jackson has recently caused a different entity (DCT Capital Fund, LLC), solely owned by him, to seek protection under Chapter 7 of the United States Bankruptcy Code.⁴ DCT Capital Fund, LLC is an investment fund which purchases and develops real property in the Houston area, just like HSDP, which is not in and of itself an issue. However, Jackson has listed "HSDP BAM" as a creditor to DCT Capital Fund,

² During the past five years, Jackson has acquired real properties in the Houston area using no less than six (6) different entities, all solely owned by him.

³ See Cause No. 2022-58422; *Albert E. Woods v. Houston Secured Development Partners LLC, et al.*; In the 333rd Judicial District Court of Harris County, Texas

⁴ Case Number 22-32424; *In re DCT Capital Fund, LLC*; In the United States Bankruptcy Court for the Southern District of Texas

LLC, as well as Baylor Asset Management, LLC. HSDP BAM, LLC is an entity wholly owned by Joseph Jackson, formed for the purpose of holding Jackson's percentage of ownership in HSDP and HSDP Management. Jackson testified during the Creditor's Meeting for that bankruptcy proceeding that DCT Capital Fund, LLC had sold HSDP most of the properties that HSDP currently owns, yet the deed records of Harris County, Texas show that those properties are still owned by DCT Capital!

HSDP's assets are missing, and it appears that fund assets have been used to develop other properties owned by Jackson or his affiliated companies. After five years, \$3 million is missing, and Jackson has refused to provide records to show where the money has gone. Yet Jackson's other entities have acquired and developed (or rehabilitated) multiple properties. Based on the real property public records and the limited financial records available to the plaintiff, it appears Jackson has caused HSDP to transfer properties to and from other entities without sufficient consideration being exchanged, and has diverted the profits of sales to the other entities, including Kilgore Commons LLC and certain Jackson-owned entities, including but not necessarily limited to: RL 360 Funding, LLC, DCT Opportunity Fund LLC, JCLZ Legacy LLC, DCT Entity Management LLC, and DVI Opportunities Unlimited, Inc. Evidence also suggests that Defendants wrongfully took possession and control of HSDP assets, and/or diverted HSDP assets, in order to acquire and develop real estate to enrich themselves. HSDP is suffering irreparable injury, and further irreparable injury will result within the next ninety (90) days without immediate court intervention.

V. APPLICATION FOR TEMPORARY RESTRAINING ORDER ("TRO")

HSDP hereby incorporates all of the foregoing paragraphs, as if set forth verbatim herein, which are verified and will be supported by oral testimony. This application for temporary restraining order is authorized by Section 65.001, et seq. of the Texas Civil Practices and Remedies Code. HSDP is entitled to the relief demanded herein, and all or part of the relief requires the restraint of some act prejudicial to HSDP. Upon information and belief, Defendants are actively compromising the remaining assets of HSDP. HSDP is entitled to the relief demanded herein, and all or part of the relief requires the restraint of some act prejudicial to HSDP.

HSDP asks this Court to order Defendants to protect and preserve all assets of HSDP, and to immediately turn over all financial records, including but not limited to:

- Copies of all loan agreements or liens associated with properties currently owned by HSDP
- All deeds to properties currently owned by HSDP
- All bank accounts that hold assets owned by HSDP
- Any and all records, including electronic records, of HSDP
- Any and all contracts or agreements with any vendor used to provide labor or materials to any properties currently owned by HSDP
- Any and all permits, permit applications, inspection records, or other documents pertaining to the ongoing development of any properties currently owned by HSDP

HSDP further asks this Court to enter an order requiring Defendants to refrain from transferring any funds out of any bank account that holds HSDP assets so that an adequate accounting can be made and to avoid further self-dealing.

HSDP further asks this Court to enter an order requiring Defendants to preserve all written documents and electronic versions of all correspondence, emails, text messages, computers, computer hard drives and relevant evidence related to the Management of HSDP from June 1, 2016 to the present.

Currently, HSDP has no adequate remedy at law because its interests will continue to be harmed if injunctive relief is not granted.

HSDP would show that the \$500 bond posted on October 21, 2022 is sufficient; HSDP seeks only to secure the status quo regarding its assets until a hearing can be had on Plaintiff's Application for Temporary Injunction, and Defendants will suffer no damages as a result of the Temporary Restraining Order.

There is not enough time to serve Defendants and to hold a hearing on this application.

VI. REQUEST FOR TEMPORARY INJUNCTION

HSDP hereby incorporates all of the factual allegations preceding this section, as if repeated verbatim herein. HSDP asks the Court to set its application for temporary injunction for a hearing and, after the hearing, issue a temporary injunction against Defendants, in order to preserve all of the assets in question until a final hearing can be held on the merits of this case, as follows:

HSDP asks this Court to order Defendants to protect and preserve all assets of HSDP, and to immediately turn over all financial records, including but not limited to:

- Copies of all loan agreements or liens associated with properties currently owned by HSDP or Kilgore Commons LLC
- All deeds to properties currently owned by HSDP or Kilgore Commons LLC⁵
- All records of bank accounts that hold assets owned by HSDP or Kilgore Commons LLC⁶
- Any and all records, including electronic records, of HSDP, HSDP Management, LLC, or Kilgore Commons LLC, including corporate minutes or resolutions and complete financial records for the past five (5) years
- Any and all contracts or agreements with any vendor or supplier used to provide labor or materials to any properties currently owned by HSDP or Kilgore Commons LLC, including Baylor Asset Management, LLC and any of its subcontractors, as well as invoices, purchase orders, or pay applications received from any of them, and records of any payment issued to any of them during the past five (5) years.
- Any and all permits, permit applications, inspection records, or other documents pertaining to the ongoing development of any properties currently owned by HSDP or Kilgore Commons LLC

⁵ Despite an order that deeds for HSDP properties be produced within ten (10) days of the October 21, 2022 Temporary Restraining Order, Defendants have not produced a single deed; only a typed list of addresses which is inconsistent with prior representations made to the members of HSDP.

⁶ In response to the Temporary Restraining Order, Defendants produced a few bank statements, but have ignored requests for supplemental production including information about a previously unknown account to which many thousands of dollars were transferred from the HSDP accounts, according to the statements provided.

HSDP further asks this Court to enter an order requiring Defendant Baylor Asset Management, LLC to produce documentation to support each and every payment made to it by HSDP, including electronic funds transfers.

HSDP further asks this Court to enter an order requiring Defendants to preserve all written documents and electronic versions of all correspondence, emails, text messages, computers, computer hard drives and relevant evidence related to the Management of HSDP, HSDP Management, LLC, and Baylor Asset Management, LLC from June 1, 2016 to the present.

HSDP further asks this Court to enter an order prohibiting Defendants from transferring, withdrawing, or spending any funds out of any bank account that holds HSDP assets so that an adequate accounting can be made and to avoid further self-dealing, without the express approval of DMI Securities, LLC or order of the Court.

HSDP further asks this Court to enter an order prohibiting Defendants from transferring, withdrawing, or spending any funds out of any bank account that holds Kilgore Commons LLC assets so that an adequate accounting can be made and to avoid further self-dealing, without the express approval of DMI Securities, LLC or order of the Court.

HSDP further asks this Court to enter an order prohibiting Defendants from transferring, withdrawing, or spending any funds out of any bank account that holds Baylor Asset Management, LLC assets so that an adequate accounting can be made and to avoid further self-dealing, without the express approval of DMI Securities, LLC or order of the Court.

HSDP further asks this Court to enter an order prohibiting Defendants from transferring, withdrawing, or spending any funds out of any bank account that holds HSDP BAM, LLC assets so that an adequate accounting can be made and to avoid further self-dealing, without the express approval of DMI Securities, LLC or order of the Court.

HSDP further asks this Court to enter an order prohibiting Defendants from further collateralizing any HSDP Property in any way, including but not limited to pledging, assigning, or committing any HSDP Property to any lender as collateral for any new loan or extension or renewal of any existing loan, without the express approval of DMI Securities, LLC or order of the Court. “HSDP Property” includes the following⁷:

- 3237 Dixie
- 3235 Dixie
- 3327 Natchez
- 3305 Kelton
- 3307 Kelton
- 3309 Kelton A
- 3309 Kelton B
- 3309 Kelton C
- 3309 Kelton D
- 3311 Kelton
- 3303-A Kelton
- 3303-B Kelton
- 3303-C Kelton
- 3303-D Kelton
- 3303-E Kelton

⁷ These are the properties listed on (1) the “List of HSDP Properties” that Mr. Jackson disclosed pursuant to the TRO entered on October 21, 2022 and (2) the limited financial and other records that Mr. Jackson previously made available to the minority member who is pursuing this claim derivatively on behalf of HSDP.

- 3303-F Kelton
- 3303-G Kelton
- 3303-H Kelton
- 6315 Bowling Green
- 6313 Bowling Green
- 6311 Bowling Green
- 3321 Kelton
- 3323 Kelton

HSDP further asks this Court to enter an order prohibiting Defendants from selling, transferring, assigning, pledging, or conveying (by way of deed or otherwise) any HSDP Property without the express approval of DMI Securities, LLC or order of the Court.

HSDP further asks this Court to enter an order prohibiting Defendants from further collateralizing any Kilgore Commons LLC property in any way, including but not limited to pledging, assigning, or committing any Kilgore Commons LLC property to any lender as collateral for any new loan or extension or renewal of any existing loan, without the express approval of DMI Securities, LLC or order of the Court. Defendant Jackson has represented that Kilgore Commons LLC is a wholly owned subsidiary of HSDP, but to the extent that representation was not accurate, a specific prohibition is necessary in order to preserve the status quo.

Currently, HSDP has no adequate remedy at law because its interests will continue to be harmed if injunctive relief is not granted.

Plaintiff has joined all indispensable parties under Texas Rule of Civil Procedure 39.

VII. REQUEST FOR PERMANENT INJUNCTION

HSDP asks that Defendants be permanently enjoined from exercising any control over the assets in question.

VIII. APPOINTMENT OF RECEIVER

In the alternative, and without waiving the foregoing, HSDP would show that it is in imminent danger of insolvency based on the misconduct, mismanagement, and self-dealing by the Defendants. HSDP's assets are in danger of being lost or materially injured, and a receivership is necessary for the purpose of justice between the parties to this suit. HSDP respectfully requests that Joseph Sullivan, or another indifferent and disinterested person be appointed a receiver.⁸

IX. CAUSES OF ACTION

1. Misrepresentation

The factual allegations set forth above are incorporated herein for all purposes as if fully set forth at length. Plaintiff would show that it was fraudulently induced into permitting Defendants to serve as its Manager, and that its members acted in reliance upon false misrepresentations made by Defendants, which representations were material and were known by Defendants to be false, or were made recklessly without knowledge of their truth. In the alternative, Plaintiff would show that Defendants concealed from or failed to disclose material facts to Plaintiff, intending to induce Plaintiff into appointing Defendants as Manager, and that Plaintiff relied upon such nondisclosure in making such appointment. In the alternative, Defendants' negligent misrepresentations, upon which

⁸ [Joseph Sullivan & Associates \(joseph-sullivan.com\)](http://joseph-sullivan.com)

Plaintiff reasonably relied, has caused Plaintiff damages in an amount within the jurisdictional limits of this Court.

2. Breach of Contract

In the alternative, and without waiving the foregoing, Plaintiff would show that Defendants Joseph Jackson's and HSDP BAM, LLC's failure to properly perform their obligations under the Operating Agreement constitute a material breach of contract, and Defendants are liable for all damages flowing from that breach. Further, Defendants Joseph Jackson's and Baylor Asset Management, LLC's failure to properly perform their obligations under the Construction Management and Services Agreement constitute a material breach of contract, and Defendants are liable for all damages flowing from that breach. All of Defendants' breaches are a proximate and producing cause of actual and consequential damages incurred by Plaintiff, and Plaintiff hereby seeks all such damages and relief to which it is entitled under Texas law, including reasonable attorney's fees and expenses.

3. Unjust Enrichment

Defendants and their affiliates received benefits from access to and use of Plaintiff's assets, and have been unjustly enriched, to the detriment of Plaintiff, therefore under Texas law, Plaintiff is entitled to damages.

4. Breach of Fiduciary Duty

Defendants' conduct as Manager created fiduciary duties of care and loyalty to Plaintiff, and Defendants violated these duties by engaging in self-dealing, concealing

records of business expenses, failing to provide accurate accounting, and mismanaging Plaintiff's assets, causing Plaintiff damages.

5. Fraud

Defendants made fraudulent misrepresentations to Plaintiff which were the proximate cause of Plaintiff's injury. At the times these representations were made, Defendants knew or should have known they were false. Plaintiff relief upon these fraudulent misrepresentations which resulted in damages to Plaintiff in an amount within the jurisdictional limits of this Court.

6. Fraudulent Nondisclosure

Defendants concealed material facts from Plaintiff in order to induce Plaintiff into entrusting them with money and assets. Defendants knew that the Plaintiff did not have an equal opportunity to discover these material facts, yet Defendants remained deliberately silent despite having a duty to speak. In reliance on Defendants' nondisclosure, Plaintiff was injured in an amount within the jurisdictional limits of this Court. Plaintiff's damages were inherently undiscoverable at the time Defendants' fraud was committed and are objectively verifiable. Additionally, Defendants deceitfully concealed their wrongdoing in order to prevent Plaintiff from discovering the wrongful conduct, including failing to account for how the \$4.2 million raised was spent or distributed.

7. Negligent Misrepresentation

In the course of the parties' business transactions, in which Defendants had a pecuniary interest, Defendants made various representations of fact to Plaintiff that were

false. Defendants made these representations for the guidance of others. Defendants did not use reasonable care in communicating information to Plaintiff about the use of HSDP's funds, and/or Defendants' (including Joseph Jackson's) overall financial situation, and Plaintiff justifiably relied upon Defendants' representations. Defendants' misrepresentations proximately caused injury to Plaintiff, resulting in the damages identified herein, including but not limited to a loss or misuse of millions of dollars of investment funds.

8. Fraud in a Real Estate Transaction

Plaintiff alleges that Defendants committed statutory fraud against Plaintiff under the provisions of Chapter 27 of the Texas Business and Commerce Code. Defendants made false representations of past and or existing material facts in real estate transactions for the purpose of inducing the formation of a contract, and these false representations were relied upon by Plaintiff, resulting in damages to Plaintiff.

9. Money Had and Received

Defendants have obtained money and assets produced therefrom that, in equity and good conscience, belongs to Plaintiff, in a sum of no less than 3.2 million dollars, and are liable for the value of all such monies and assets.

X. DAMAGES

In order to provide a complete remedy from the Court, Plaintiff seeks actual damages as necessary to provide complete relief to Plaintiff, including but not limited to direct damages and consequential damages, as well as reasonable attorney's fees and expenses. Plaintiff also seeks to recover any lost profits and financial loss, including lost

opportunities, caused by Defendants' misconduct, or in the alternative, disgorgement of profits realized by Defendants. All damages sought are within the jurisdictional limits of the court. Plaintiff asks for its damages to be awarded against the Defendants jointly and severally.

XI. CONSTRUCTIVE TRUST

In the alternative, and without waiving the foregoing, Plaintiff would show that Defendants acquired and improved property using Plaintiff's assets through breach of trust and fraud, that allowing Defendants to retain that property would unjustly enrich them, and that Defendants currently possess the Plaintiff's property or its traceable product. As such, Plaintiff seeks a judgment imposing a constructive trust for the benefit of Plaintiff over all properties wrongfully acquired or improved by the Defendants, including properties owned by Defendant Joseph Jackson and/or his solely owned entities JCLZ Legacy LLC, RL 360 Funding LLC, DCT Opportunity Fund LLC, DCT Entity Management LLC, and DVI Opportunities Unlimited, Inc., and all traceable monies generated by the sale of any property wrongfully acquired or improved by the Defendants using Plaintiff's assets, as well as a judgment for damages equal to the amount of all proceeds realized by Defendants from such transactions.

XII. EXEMPLARY DAMAGES

Defendants' conduct was intentional and unlawful, and Defendants knew that Plaintiff would suffer damages as a result; as such, Defendants' fraudulent conduct justifies an award of punitive damages. *See* TEX. CIV. PRAC. & REM. CODE ANN. §41.003.

XIII. ALTER EGO

Joseph Jackson, Baylor Asset Management, LLC, HSDP BAM LLC, JCLZ Legacy LLC, RL 360 Funding LLC, DCT Opportunity Fund LLC, DCT Entity Management LLC, and DVI Opportunities Unlimited, Inc., are all alter egos of each other. These corporate entities are organized and operated as a mere tool or business conduit of Joseph Jackson. They have disregarded corporate formalities, and Jackson has used their corporate fiction as part of unfair device to perpetuate a fraud or injustice upon Plaintiff and to achieve an inequitable result.

Upon information and belief, none of Jackson's entities maintain separate records or account for individual company's assets. Jackson has used the entities interchangeably to apply for building permits and loans, and has transferred assets and real property among them without the exchange of good and valuable consideration. There is such a unity among the entities that the separateness of each has ceased to exist. Furthermore, these entities are undercapitalized, have commingled assets, and have common financial interest, ownership, and control, all under Joseph Jackson. As a result, Joseph Jackson, Baylor Asset Management, LLC, HSDP BAM LLC, JCLZ Legacy LLC, RL 360 Funding LLC, DCT Opportunity Fund LLC, DCT Entity Management LLC, and DVI Opportunities Unlimited, Inc., should each be liable, jointly and severally, for any damages awarded against any of the Defendants in this case.

XIV. REQUEST FOR MEDIATION

Plaintiff respectfully requests that after the entry of the emergency relief sought herein, the parties schedule a mediation pursuant to Section 10.5 of the HSDP Operating Agreement, to attempt to resolve the disputes addressed in this pleading.

XV. CONDITIONS PRECEDENT

All conditions precedent to Plaintiff's claims for relief have been performed or have been waived.

WHEREFORE, PREMISES CONSIDERED, Plaintiff **Houston Secured Development Partners, LLC** respectfully asks the Court to issue a citation for Defendants to appear and answer, grant the equitable relief requested herein, and alternatively enter judgment against Defendants, jointly and severally, in Plaintiff's favor for:

- a. Actual damages in an amount no less than \$3.2 million;
- b. Statutory damages as permitted under Chapter 27;
- c. Reasonable attorney's fees and expenses for trial, and if necessary, appeal;

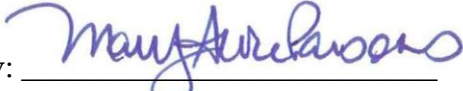
Plaintiff further requests that a constructive trust be imposed on the real properties that Defendants acquired and/or improved using Plaintiff's assets, or in the alternative that Plaintiff recover damages in quantum meruit.

Plaintiff further asks that the judgment include an award for prejudgment interest on all damages as allowed by law, post-judgment interest as allowed by law, and all costs of court in the trial court and all appellate courts.

Plaintiff further prays for all such other and further relief, both general and specific, at law and in equity, to which it may show itself to be justly entitled.

Respectfully submitted,

THE PARSONS LAW FIRM

By: 

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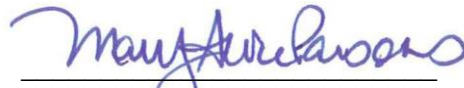
Telephone: (713) 955-4878

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**COUNSEL FOR PLAINTIFF
HOUSTON SECURED DEVELOPMENT
PARTNERS, LLC**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing pleading was served upon all counsel of record via transmission to a certified electronic filing manager and electronic filing service provider pursuant to Texas Rule of Civil Procedure 21a(a)(1), on the 3rd day of January, 2023.



Mary Alice Parsons

CAUSE NO. 2022-68786

HOUSTON SECURED DEVELOPMENT PARTNERS, LLC	§	IN THE DISTRICT COURT OF
	§	
	§	
V.	§	HARRIS COUNTY, TEXAS
	§	
HSDP BAM, LLC and JOSEPH JACKSON	§	151ST JUDICIAL DISTRICT
	§	

VERIFICATION

STATE OF TEXAS §
 COUNTY OF HARRIS §

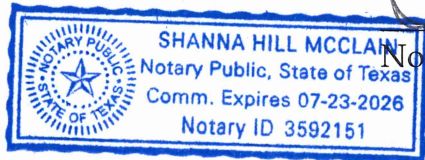
Before me, the undersigned authority, personally appeared Mary Alice Parsons, known to me to be the person whose name is subscribed to the foregoing instrument, and after being duly sworn stated upon her oath that she is an attorney of record representing Plaintiff Houston Secured Development Partners, LLC herein, that she is duly authorized to make this verification (and does make this verification) for and on behalf of Houston Secured Development Partners, LLC, that she makes this verification pursuant to TEX. R. CIV. P. 14, that she has read the foregoing petition, and the information contained therein is true and correct.

Mary Alice Parsons

 MARY ALICE PARSONS

SUBSCRIBED AND SWORN TO BEFORE ME on this 3rd day of January, 2023.

Shanna Hill McClain



Notary Public in and for the State of Texas

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Shanna McClain on behalf of Mary Alice Parsons
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Status as of 1/3/2023 9:39 AM CST

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