

Exhibit A

CAUSE NO. 11-15415

BRUCE BERG, STUART CARTNER,
KEVIN DOYLE, WALTER
HAYDOCK, EDWARD LEH, KEVIN
MURPHY, PHILIP SCHANTZ, DAIS
PARTNERS, LP, SINGER BROS.,
LLC, SKELETON LAKE, LLC,
WILDCAT LAKE PARTNERS,

Plaintiffs,

vs.

HALO COMPANIES, INC., HALO
ASSET MANAGEMENT, LLC, HALO
PORTFOLIO ADVISORS, LLC, B.
CADE THOMPSON, PAUL
WILLIAMS, REIF CHRON, TONY
CHRON, HALO ASSET
MANAGEMENT GENPAR II, LLC,
HALO GROUP, INC.

Defendants.

§ IN THE

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191st DISTRICT COURT

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DALLAS COUNTY, TEXAS

PLAINTIFFS’ THIRD AMENDED PETITION

TO THE HONORABLE COURT:

For their Third Amended Petition against Defendants, Plaintiffs allege as follows:

DISCOVERY LEVEL

1. Discovery will be conducted under Level 3 of Rule 190 of the Texas Rules of Civil Procedure.

PARTIES, JURISDICTION AND VENUE

2. Plaintiff Bruce Berg (“Berg”) is an individual residing in Dallas County, Texas.

3. Plaintiff Stuart Cartner (“Cartner”) is an individual residing in Dallas County, Texas.

4. Plaintiff Kevin Doyle (“Doyle”) is an individual residing in Los Angeles County, California.

5. Plaintiff Walter Haydock (“Haydock”) is an individual residing in New York County, New York.

6. Plaintiff Edward Leh (“Leh”) is an individual residing in Essex County, New Jersey.

7. Plaintiff Kevin Murphy (“Murphy”) is an individual residing in New York County, New York.

8. Plaintiff Philip Schantz (“Schantz”) is an individual residing in New York County, New York.

9. Plaintiff DAIS Partners, LP (“DAIS”), is a limited partnership registered in Texas.

10. Plaintiff Singer Bros., LLC (“Singer Bros.”), is a limited liability company registered in Oklahoma.

11. Plaintiff Skeleton Lake, LLC (“Skeleton Lake”), is a limited liability company registered in Texas.

12. Plaintiff Wildcat Lake Partners (“Wildcat”) is a partnership registered in Texas.

13. Defendant Halo Companies, Inc. (“Halo Companies”) is a Delaware corporation with its principal place of business in Allen, Texas. Halo Companies has been served with process and has appeared in this matter.

14. Defendant Halo Asset Management, LLC (“HAM”) is a wholly owned subsidiary of Halo Companies, with its principal place of business in Allen, Texas. HAM has been served with process and has appeared in this matter.

15. Defendant Halo Portfolio Advisors, LLC (“HPA”) is a wholly owned subsidiary of Halo Companies, with its principal place of business in Allen, Texas. HPA has been served with process and has appeared in this matter.

16. Defendant Brandon Cade Thompson (“Thompson”) is Chairman, Chief Executive Officer, and Director of Halo Companies. Thompson has been served with process and has appeared in this matter.

17. Defendant Paul Williams (“Williams”) is the Vice Chairman, Chief Financial Officer and Director of Halo Companies. Williams has been served with process and has appeared in this matter.

18. Defendant Reif Chron (“R. Chron”) is President and General Counsel of Halo Companies. R. Chron has been served with process and has appeared in this matter.

19. Defendant Tony Chron (“T. Chron”) is a Director of Halo Companies. T. Chron resides in Dallas County at 322 Hearthstone Lane, Coppell, Texas 75019. Upon information and belief, T. Chron was a resident of Dallas County, Texas at all times material to this action, including at all times when Plaintiffs’ causes of action against Defendants accrued. T. Chron has been served with process and has appeared in this matter.

20. Defendant Halo Asset Management Genpar II, LLC (“Genpar II”) upon information and belief, is a Texas limited liability company and a wholly owned subsidiary of Halo Companies, with its principal place of business at 700 Central Expressway South, Suite, 500, Allen, Texas 75013, and with its registered agent being HAM, located at that same address, through which it may be served with process.

21. Defendant Halo Group, Inc. (“Halo Group”) a Texas corporation, upon information and belief, is a wholly owned subsidiary of Halo Companies, and with its principal place of business at 700 Central Expressway South, Suite, 500, Allen, Texas 75013, with its registered agent being Brandon C. Thompson, located at that same address, through whom it may be served with process.

22. Among other reasons, venue is proper in Dallas County under Texas Civil Practice & Remedies Code §§ 15.002 and 15.005 because Defendant T. Chron is a natural person who resided in Dallas County at the time Plaintiffs' causes of action accrued, and Plaintiffs' causes of action against all Defendants arise out of the same series of transactions or occurrences.

23. The case properly is a subject of this Court's jurisdiction and the damages sought exceed the Court's minimum jurisdictional limits.

FACTUAL BACKGROUND

24. In or before the summer of 2010, Halo Companies and James G. Temme ("Temme") negotiated a final letter of intent to merge entities controlled by Temme with entities controlled by the Halo Companies. A draft merger timeline was prepared and distributed on or about August 27, 2010.

25. On or about September 22, 2010, representatives of Halo Companies sent a draft merger agreement to Temme. Upon information and belief, Scheef & Stone LLP represented Halo Companies in connection with the merger.

26. By October 2010, Halo Companies and Temme were discussing merging their groups into one insurance plan.

27. On or around November 19, 2010, Defendants R. Chron, as Organizer, and Thompson, as Manager, formed Halo Stewardship Special Asset Fund One, LLC.

28. On December 13, 2010, Halo Companies and the members of Equitas Asset Management, LLC ("EAM"), with 100% ownership interest in Equitas Housing Fund, LLC ("EHF"), entered into an Assignment and Contribution Agreement. EAM and EHF were owned and controlled by Temme and/or entities related to Temme. As part of the agreement, the members of EAM and EHF assigned their collective interests to HAM in exchange for 21,200,000 shares of Halo Companies common stock. In doing so Halo Companies and Stewardship GP had publicly entered into a joint venture wherein Temme acquired a 30% interest in Halo Companies.

29. Pursuant to the Assignment and Contribution Agreement, if Temme failed to meet certain performance obligations for the benefit of Halo Companies, the 21,200,000 shares of stock were subject to certain clawback provisions. More particularly, if Temme did not generate at least \$3 million in cash to Halo Companies within twelve months after closing, Halo Companies had the right to clawback 2.5 shares of Halo Companies Common Stock for every dollar of the cash clawback that was not attained. Likewise, if Temme failed to generate at least \$10 million of cash, etc., within 24 months of closing, Halo Companies had similar clawback rights.

30. In or about January 2011, Halo Companies was in the process of providing Temme with HAM business cards. Halo Companies also gave Temme the parent company email address of jtemme@haloco.com. Further, Halo Companies assigned Temme a Halo Companies direct line (214) 466-6728 and an efax (214) 239-3170. On January 20, 2011, Halo Companies' CEO, Thompson, confirmed that he had ordered Temme business cards. By February 12, 2011, at the latest, Temme had his own Halo Companies business card.

31. The name of Halo Stewardship Special Asset Fund One, LLC was subsequently changed on April 8, 2011, by "authorized person" R. Chron to "Halo Asset Management Genpar I, LLC."

32. Halo Asset Management Genpar I, LLC, a company listing Defendant Thompson as Manager, and Defendant R. Chron as Organizer and "authorized person," was named General Partner in the investment materials provided to Plaintiffs.

33. Upon information and belief, at all times relevant hereto, Reif Chron and other Halo representatives had access to Stewardship Comerica bank account records.

34. Upon information and belief, by June 2011, the employees of Temme's companies had been added to the Halo Asset Management, LLC entity, including payroll.

35. Upon information and belief, by June 2011, BlueCross and BlueShield of Texas changed the policy group name from Stewardship Fund, LP to Halo Asset Management.

36. From time to time in 2010 and 2011, at the request of one or more Halo Companies' directors, including but not limited to Defendant Thompson, Temme/Stewardship GP contributed between \$800,000 and \$1.2 million to Halo Companies' operations.

37. At all times relevant hereto, through the actions and representations of Halo Companies, Temme became, and was, a duly authorized agent of Halo Companies and its subsidiaries.

38. Upon information and belief, Halo Companies wholly failed to take any measures to monitor Temme's fundraising activities, which were for the benefit of Halo Companies, and failed to conduct adequate due diligence with regard to Temme and his related entities prior to entering into the Assignment and Contribution Agreement.

39. At all times relevant hereto, Halo Companies' agents and/or employees represented that they would provide loan processing and origination services for the benefit of Plaintiffs.

40. Halo Companies' agents and/or employees presented packages of distressed mortgage to Plaintiffs with the specific purpose of acquiring those mortgages on behalf of Plaintiffs. In doing so, Halo Companies' agents and/or employees communicated with the buyer Plaintiffs about, among other things, the value of the mortgages and also sent Plaintiffs copies of the packaged mortgages for consideration.

41. After the loans were to be acquired and processed for the benefit of Plaintiffs, Plaintiffs, through the various entities, were to step in the shoes of the lender for each specific mortgage purchased.

42. At all relevant times, Halo Companies' agents and/or employees intended to, and did in fact, provide mortgage brokerage services for the mortgage packages to be acquired for the Limited Partnership investments in which Plaintiffs invested.

43. The stated purpose for the funds on which the Limited Partnerships were based was: "To purchase, acquire, own, hold, develop, maintain, manage, operate, sell, exchange, transfer or otherwise dispose of distressed or undervalued real estate assets, mainly, but not limited to, singly- [sic] family residential properties."

44. At all relevant times, Halo Companies and/or its subsidiaries and/or agents agreed to, and did, process and service mortgages obtained by Temme and Stewardship GP through various acquisition vehicles.

45. At all times relevant to this action, Halo Companies and Temme represented to Plaintiffs that Stewardship GP and Halo Companies and/or a related entity or entities were raising funds together to acquire mortgage packages and would be General Partners on future investment funds and limited partnerships.

46. For its fee for service, Halo Companies was to share equally on the back end profit participation with Stewardship GP.

47. The representations and assurances made by Halo Companies were critical to Plaintiffs' decision to participate in future partnerships with the strategic alliance formed between Halo entities, Temme and Stewardship GP.

48. On information and belief, Halo Companies and its directors and officers had been working closely for several months through at least June 2011 to create a technology platform to manage the loan modification process from acquisition to sale.

49. Halo Companies' proprietary AMX Platform was responsible for "Portfolio Asset Management." The software tracked efforts at servicing the mortgages including interactions with borrowers about the indebtedness, obtaining title, ensuring payment, and was contemplated to involve disposition of either the notes or the properties.

50. On or about March 11, 2011, Plaintiffs Cartner, Wildcat (by representative Tim Weber), and Berg met with Halo Companies' Chairman and Chief Operating Officer, B. Cade Thompson, and Temme. During that meeting it was explained that Halo Companies' authorized agent Temme, through Stewardship GP, would be responsible for purchasing packages of distressed residential mortgages and Halo Companies would be responsible for, among other things, managing the purchased mortgages. During that meeting it was clear, or reasonably should have been clear, to Thompson that Plaintiffs Cartner, Wildcat and Berg would be providing funds to Temme to purchase packages of residential mortgages.

51. That same day, March 11, 2011, Defendant Thompson sent an email to Plaintiff Cartner stating that he looked forward to discussing the investment opportunity with Cartner.

52. On or about April 14, 2011, six days after R. Chron changed the name of Halo Stewardship Special Asset Fund One, LLC to "Halo Asset Management Genpar I, LLC," Stewardship Philanthropy Fund, LP was offered to Plaintiffs Berg, DAIS, Skeleton Lake, Cartner, Leh, and Haydock naming Halo Asset Management Genpar I, LLC ("Halo Genpar I") as the General Partner.

53. Upon information and belief, on behalf of Halo at its agents Temme's request, R. Chron drafted and/or reviewed the Limited Partnership Agreements that were created in order to, among other things, purchase the assets.

54. As General Partner, Halo Genpar I was entitled to 40% distributions of cash flows. The General Partner was also responsible for managing the "business and investment decisions" of the fund. Halo Genpar I's management was comprised of principals Thompson, Williams, T. Chron, and R. Chron, among others.

55. Upon information and belief, at all times relevant hereto, Halo Genpar I was the alter ego of Halo Companies. Because of evidence of fraud, undercapitalization,

misconduct and impropriety of management of Halo Genpar I, recognizing the corporate form of Halo Genpar I would sanction fraud or injustice.

56. Montgomery Coscia Greulich, LLP was selected as the auditor for the April 14, 2011 Stewardship Philanthropy Fund, LP. This accounting firm was, and as of March 30, 2012 remained, the accounting firm responsible for auditing financial information of Halo Companies.

57. On or about June 21, 2011, Thompson and R. Chron (Halo Companies' General Counsel) met with Temme and A. Karl Kipke ("Kipke").

58. During this June 21, 2011 meeting, Thompson, R. Chron and Temme again confirmed that Halo Companies and/or related entities, its agent Temme, and Stewardship GP were working together to raise funds to purchase distressed mortgage packages.

59. During the June 21, 2011 meeting, Thompson, R. Chron and Temme informed Kipke that Halo Companies and/or related entities and Stewardship GP had developed a business model for the monetization of non-performing residential mortgage notes or foreclosed single family homes (the "Halo Business Model"). Thompson was involved in, among other things, creating the Halo Business Model and in preparing historical returns documentation.

60. During the June 21, 2011 meeting, Thompson, Chron and Temme represented that residential mortgage notes or foreclosed single family homes ("Asset" or "Assets") would be purchased with the Plaintiffs' funds and then would be reconstituted into packages of performing loans using Halo's Business Model, with the services and expertise of employees from one or more of the Halo entities.

61. After the notes were purchased with Plaintiffs' funds, the various limited partnerships would step into the shoes of the previous holders of the notes.

62. Halo Companies and/or its related entities and agents had an obligation to communicate in accordance with the lender and investor guidelines with both the borrowers and the lenders throughout the note acquisition process and thereafter.

63. Through Halo Companies' and/or related entities' proprietary exPRESS technology platform (the "Technology Platform"), the exit strategy for each Asset is analyzed.

64. During the June 21, 2011 meeting, Thompson, R. Chron and Temme informed Kipke that Halo Companies and/or related entities were to receive back-end profits from the investments equal to that of Stewardship GP and/or related entities.

65. Discussions at the meeting included creating a Letter of Intent ("LOI") pursuant to which the Hampshire Group, LLC ("Hampshire") and "Stewardship/Halo" agreed to attempt to lay the foundation of a partnership to acquire and service mortgages. Thompson, R. Chron and the Halo Companies knew that Hampshire would be assisting in setting up a fund to acquire mortgages for Halo to monetize and to share in the profits. Temme and R. Chron both worked on the language in the LOI.

66. Contrary to these representations, and on or around April 10, 2012, R. Chron and Thompson asserted that Halo Companies "was only a fee-for-service vendor."

67. Halo Companies' management team, vision, achievements, and its involvement and commitment to Plaintiffs, compelled Plaintiffs to provide funds to purchase mortgage packages under the Halo Business Model.

68. Unbeknownst to Plaintiffs, on or about July 13, 2011, the name of Genpar I was changed by "authorized person" Temme to remove the Halo name so that the entity name would thereafter be "Stewardship Asset Management Genpar I, LLC." Halo Companies remained the Registered Agent, and no changes were made to the managers.

69. On or about July 19, 2011, Halo Companies and/or related entities by and through the Halo Companies Board of Directors provided, or caused to be provided, materials to Plaintiffs which set forth, in significant detail, Halo's Technology Platform

(the “Halo Technology Overview”) and Halo’s Due-Diligence Process Map (“Halo Process Map”). At least some of those materials were created in January 2011.

70. On or about 2:00 a.m. on August 10, 2011, Thompson and/or Defendants discovered information suggesting that Temme and Stewardship GP had committed fraud. Thompson and/or Defendants contacted some investors to inform them of the suspected fraud.

71. Thompson and R. Chron had previously held meetings with some of the Plaintiff investors and/or their representatives, wherein either or both Thompson and R. Chron represented that at least one Halo Companies entity would be servicing and/or managing the servicing of the mortgages which were the subject of the investment portfolios, and that Defendants were to have equal back-end participation in the investments with Temme/Stewardship GP.

72. Thompson and/or Defendants never contacted any of the Plaintiffs or their representatives after August 10, 2011 to inform them of the suspected fraud committed by Temme and Stewardship GP.

73. Thompson and R. Chron were well aware that efforts were in place to create a \$50 million fund (the “Fund”) to purchase mortgages (\$25 million in debt and \$25 million in equity).

74. Thompson and R. Chron knew that Halo Companies was expecting to receive substantial financial benefit from the creation of the Fund. In fact, pursuant to the Assignment and Contribution Agreement, Thompson and R. Chron knew that Temme was obligated to produce that financial benefit to Halo Companies or Temme’s shares of Halo Companies Common Stock would be at risk.

75. Yet, despite learning on or before August 10, 2011 that Temme/Stewardship GP may have engaged in fraudulent activity, Halo Companies and its subsidiaries either intentionally and willfully concealed that information from the Plaintiffs, or negligently failed to inform Plaintiffs.

76. As a result, on or around August 25, 2011, Plaintiffs invested over \$1,400,000 in Stewardship Philanthropy Fund No. 4, LP, another limited partnership in which it was represented to Plaintiffs that Defendants had an interest.

77. In addition to representations made by Halo Companies and/or related entities by and through the Halo Companies Board of Directors, the information contained in the Halo Technology Overview and the Halo Process Map had played a critical role in Plaintiffs' decision to participate in the Halo Business Model.

78. Plaintiffs were also provided materials identifying the management team that was charged with the duties of carrying out the Halo Business Model, which included employees of one or more Halo entities.

79. From December 2010 through August 2011, Plaintiffs invested in the limited partnerships which were to be managed in conjunction with the Halo Business Model.

80. The Limited Partnership Agreement signed by the Plaintiffs was drafted by Halo directors and given to Temme knowing that it would be presented to potential investors like Plaintiffs.

81. One or more of the Halo Defendants was aware of, and corresponded regarding, at least three of the limited partnerships Plaintiffs invested in, including Stewardship Philanthropy Fund, LP; Stewardship Philanthropy Fund II, LP; and Stewardship Singer, LP.

82. Thompson admitted that he was "responsible for monitoring and managing the Halo AMX Platform in 2010 and 2011," yet he did not know whether any mortgages had been imported as a result of the subject investments.

83. Until August 26, 2011, Halo Companies and/or Thompson, R. Chron, T. Chron, and/or Williams provided a unique log-in and account information to General Manager of Stewardship Fund, LP and Temme to access and use the AMX platform, and this access and use was unsupervised by Defendants.

84. After August 26, 2011, Defendants either continued in the lack of oversight of Stewardship Fund, LP and Temme's access to the AMX platform, or Defendants monitored the AMX platform and recognized that Plaintiffs' investments had not resulted in mortgages on the AMX platform and failed to inform Plaintiffs.

85. In February 2011, a \$300,000 wire was identified with no accompanying purchase of assets. Halo Defendants asked Temme what was purchased. No further information is known about the wire.

86. In July 2011, Thompson identified missing assets from the AMX platform and asked Temme where they were.

87. On August 24, 2011, two days before the largest investment was made by the Plaintiffs, R. Chron and Thompson realized that Temme had not generated cash consistent with the December 2010 agreement that led to the merger.

88. On August 31, 2011, Thompson found "another loan" with money wired directly to Temme, and he said "[t]his cannot continue" and "I better not find another one of these."

89. When Plaintiff Murphy called Stewardship GP's offices in September 2011, the call was forwarded to the Halo Companies corporate offices and Murphy was advised by a Halo Companies representative that Stewardship GP was part of Halo Companies. That was consistent with Murphy's understanding before he invested in Stewardship Philanthropy Fund No. 4, LP.

90. As of March 30, 2012, Halo Companies reported that Temme's address was the Halo Companies corporate office location, and that he remained the second largest shareholder, with 17,808,000 shares of Halo Companies common stock

Stewardship GP/Wildcat Funding Agreement

91. On or about December 27, 2010, Stewardship GP and Wildcat entered into a Funding Agreement. Pursuant to that Funding Agreement, Wildcat invested \$120,000 with Stewardship GP.

Stewardship Fund DB-SL1, LP

92. On or about January 14, 2011, Stewardship GP, as general partner, and Skeleton Lake, as a limited partner, entered into the Agreement of Limited Partnership of Stewardship Fund DB-SL1, LP. Skeleton Lake made a capital contribution in the amount of \$153,154.

SHW Capital 2011, LP

93. On or about April 8, 2011, Stewardship GP, as general partner, DAIS, Berg and Skeleton Lake as limited partners, entered into the Agreement of Limited Partnership of SHW Capital 2011, LP. DAIS made a capital contribution of \$47,500. Berg made a capital contribution of \$100,000. Skeleton Lake made a capital contribution of \$47,500.

Stewardship Philanthropy Fund, LP

94. On or about April 14, 2011, Halo Asset Management Genpar I, LLC (“Halo Genpar I”), as general partner, and DAIS, Berg, Cartner, Skeleton Lake, Haydock and Leh, as limited partners, entered into the Agreement of Limited Partnership of Stewardship Philanthropy Fund, LP. The limited partners made the following contributions:

DAIS	\$261,503
Berg	\$110,000
Cartner	\$291,500
Skeleton Lake	\$55,000
Haydock	\$275,000
Leh	\$250,000

Stewardship Philanthropy Fund II, LP

95. On or about June 13, 2011, Halo Genpar I, as general partner, and DAIS, Berg, Cartner, Skeleton Lake and Haydock, as limited partners, entered into the Agreement of Limited Partnership of Stewardship Philanthropy Fund II, LP. The limited partners made the following contributions:

DAIS	\$275,000
Berg	\$165,000
Cartner	\$275,500
Skeleton Lake	\$220,000
Haydock	\$275,000

Singer Bros.

96. Singer Bros., agreed to invest \$200,000 on or about July 13, 2011 and provided funds to Stewardship GP.

Stewardship Flex, LP

97. On or about July 27, 2011, Haydock invested \$154,000 towards the acquisition of this mortgage portfolio.

Stewardship Philanthropy Fund No. 4, LP – GMAC 1st 113 Tape

98. On or about August 26, 2011, Halo Genpar I, as general partner, and DAIS, Berg, Cartner, Skeleton Lake, Haydock, Murphy, Schantz and Doyle entered into the Agreement of Limited Partnership of Stewardship Philanthropy Fund No. 4, LP (“Stewardship Philanthropy Fund No. 4 Agreement”). Consistent with the Halo Business Model, Stewardship Philanthropy Fund No. 4, LP was formed to purchase a portfolio of mortgages. The limited partners made capital contributions in the following amounts:

DAIS	\$150,000
Berg	\$220,000
Cartner	\$250,000
Skelton Lake	\$27,500
Haydock	\$275,000
Schantz	\$200,000
Doyle	\$100,000
Murphy	\$200,000

99. Plaintiff Murphy's bank inadvertently wired his \$200,000 investment twice. The error was never corrected.

100. Under the Stewardship Philanthropy Fund No. 4 Agreement, consistent with the other partnership agreements, Halo Genpar I was obligated to provide the limited partners with monthly, quarterly, and annual reports.

101. Halo Genpar I was also required to make quarterly distributions under the Stewardship Philanthropy Fund No. 4 Agreement.

102. By the end of August, 2011, it became apparent that Halo Companies and/or related entities by and through the Halo Companies Board of Directors working in conjunction with Stewardship GP and its related and affiliated entities, failed to purchase the Assets it represented it would be purchasing using the Plaintiffs' funds.

103. Defendants have failed to return any of the Plaintiffs' funds.

104. On February 7, 2012, the Receiver for "Temme, Stewardship Fund, LP, and all other entities directly or indirectly controlled by Temme or Stewardship Fund, LP" filed a motion in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, wherein the Receiver acknowledged discovery of approximately 6,900 notes which the Receivership Entities had "in the past owned, serviced, or contracted to purchase." Halo Companies was the master servicer for those notes, and was responsible for management of the assets, including holding escrow accounts for the properties.

105. After December 13, 2010, Temme was required to generate cash for the benefit of Halo Companies. As illustrated by the discovery of the 6,900 notes, upon information and belief, Halo Companies benefited financially from the Plaintiffs' "investments," to the detriment of Plaintiffs.

106. Plaintiffs have suffered damages in the aggregate amount of \$4,898,157.00, plus interest, attorneys' fees and costs.

COUNT I
NEGLIGENT MISREPRESENTATION
(Against Halo Companies, HAM, HPA, Thompson, R. Chron, Tony Chron, Paul Williams, Halo Asset Management, Genpar II, LLC and Halo Group, Inc.)

107. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

108. In or around the March 11, 2011 meeting with Thompson, Temme, and Plaintiffs Cartner, Wildcat's representative Weber, and Berg, Thompson represented, consistent with Halo Companies' role in the subject mortgage acquisitions, that Halo Companies would receive back-end profits as a fund manager.

109. On or about July 19, 2011, Defendants provided, or caused to be provided, materials to the Plaintiffs describing Halo's Technology Platform and the Halo Process Map. These materials, along with Halo Companies' management team, vision, achievements, and its commitment to Plaintiffs, compelled Plaintiffs to invest in the proposed mortgage purchases to be made under the Halo Business Model.

110. Defendants negligently made false assurances and representations to Plaintiffs about Defendants' role in the proposed investments, intending for Plaintiffs to act in reliance on Defendants' representations and to invest in the Assets which Defendants made no effort to purchase or manage on behalf of Plaintiffs, as part of the Limited Partnership.

111. Specifically, Halo Companies and/or related entities by and through the Halo Companies Chief Executive Officer represented to Plaintiffs, either directly or through Plaintiffs' representatives, that Halo Companies and Temme had a strong business partnership that was going to greatly improve the quality of the investments and the efficiency of processing those investments by leveraging the joint efforts of Stewardship Fund, LP and Temme along with Halo Companies and its subsidiaries. At all times relevant hereto, Halo held Temme out as one of its authorized agents.

112. Halo Companies and/or related entities by and through the Halo Companies Board of Directors informed Plaintiffs, either directly or through Plaintiffs' representatives, that Temme was one of the largest shareholders in Halo Companies.

113. Halo Companies and/or related entities by and through the Halo Companies Board of Directors, at a minimum through Thompson, informed Plaintiffs either directly or through Plaintiffs' representatives that Halo Companies would be responsible for processing and servicing the mortgages to be acquired.

114. Thompson and/or Temme, acting on apparent or actual authority, informed Plaintiffs either directly or through Plaintiffs' representatives that, in order to better service the mortgages acquired, Stewardship employees and Temme were moving into the Halo Companies offices and were in the process of becoming Halo Companies employees. The physical transition was actually occurring in the summer of 2011.

115. Thompson informed Plaintiffs either directly or through Plaintiffs' representatives that Halo Companies' involvement in the subject investments would improve record keeping and recovery.

116. Defendants falsely represented to Plaintiffs that the Halo Business Model, including Halo's Technology Platform and the Halo Process Map, would be used by Halo Companies employees and/or affiliates to monitor Plaintiffs' investments in the Assets, intending for Plaintiffs to act in reliance on Defendants' representations and to invest in the mortgage packages when Defendants, acting in concert with Mr. Temme and Stewardship, had no intention to, and in fact did not, purchase or manage the Assets.

117. Plaintiffs entered limited partnership agreements and gave funds to Halo Companies authorized representative Temme and Stewardship to purchase mortgage packages, and to provide other mortgage broker services, for their benefit.

118. Based on recent discovery responses, it is clear that Thompson's and R. Chron's representations made to Plaintiffs and their representatives prior to September 2011 relating to Halo Companies' business relationship with Temme/Stewardship were

not accurate. Based on Thompson's and R. Chron's representations, Plaintiffs understood that Temme/Stewardship were essentially being folded into Halo Companies.

119. At all times relevant to this action, based on representations made by Thompson and R. Chron, as supported by documents created and distributed by Halo Companies, Temme/Stewardship were authorized agents of Halo Companies and had actual authority to act on behalf of Halo Companies and its subsidiaries.

120. At all times relevant hereto, Halo Companies, its subsidiaries, Thompson and R. Chron held Temme/Stewardship out as one of its authorized representatives.

121. Yet now, Halo Companies, its subsidiaries, Thompson and R. Chron deny that they made any representations to Plaintiffs and/or their representatives that confirmed that Halo Companies and/or its subsidiaries had any joint business relationship with Temme/Stewardship and now take the position that Halo Companies was merely to be a "fee for service" provider to Temme/Stewardship. Those representations are completely contrary to the representations that were made to Plaintiffs prior to October 2011. Those representations are also completely contrary to documentation going back to June 2010, at the latest.

122. Plaintiffs justifiably relied on the Defendants' negligent representations about the Halo Business Model, Halo's business relationship with Stewardship/Temme, and the Defendants' intent to purchase and/or manage the Assets with Plaintiffs' funds, to their detriment.

123. As a direct and proximate result of Defendants' misrepresentations about the Halo Business Model, their business relationship with Temme/Stewardship, the quality of the investments, and the Defendants' intent to purchase the Assets with Plaintiffs' funds, Plaintiffs provided \$4,898,157.00 to purchase mortgage packages that Defendants never purchased, and failed to take appropriate measures to ensure that Defendants' agents, Temme and Stewardship, purchased.

124. Defendants knew or should have known that, by strategically aligning with Temme and his related entities and by allowing or causing Temme to control the funds tendered by Plaintiffs, Plaintiffs' investments would not be used to purchase the mortgage packages and would not be refunded to Plaintiffs.

125. Defendants knew or should have known that Plaintiffs' funds would be used for an improper purpose and that there would never be a proper accounting for the funds.

126. Defendants knew or should have known that the Halo Business Model, including Halo's proprietary Technology Platform, and the Halo Process Map, would never be put to use with Plaintiffs' funds.

127. Defendants had a duty to inform Plaintiffs of the process and methods that would be used to ensure that Plaintiffs' funds would be invested as Plaintiffs intended, to ensure that Plaintiffs' funds were in fact used to purchase the intended Assets, and to manage the assets agreed upon and as represented.

128. In violation of their duties, Defendants negligently failed to ensure that Temme was purchasing mortgages even though Defendants knew or should have known that Plaintiffs were providing funds to Temme to participate in Halo's business model.

129. In violation of this duty, Defendants negligently represented to Plaintiffs that the Halo Business Model, including Halo's proprietary Technology Platform, and the Halo Process Map, would facilitate the investment of Plaintiffs' funds in the various Assets and the return on Plaintiffs' investments.

130. In violation of their duty, Defendants negligently omitted to disclose to Plaintiffs the fact that Plaintiffs' funds were not used to purchase the intended Assets, and in fact failed to inform Plaintiffs of the whereabouts of the funds at any time after the investments were made.

131. Even after Defendants (at least Thompson and R. Chron) learned information suggesting that Temme had defrauded investors just like Plaintiffs,

Defendants, in violation of their duty, never contacted any of the Plaintiffs or their representatives with this salient information.

132. Plaintiffs reasonably relied on Defendants' false representations and omissions to their detriment.

133. As a direct and proximate result of Defendants' negligent misrepresentations and omissions, Plaintiffs have suffered damages in the minimum amount of \$4,898,157.00.

COUNT II
BREACH OF FIDUCIARY DUTY
(Against All Defendants)

134. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

135. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron had a duty to manage the Assets and funds as agreed upon by Plaintiffs.

136. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron had a duty to make the investments in the Assets in accordance with the relevant ethical standards and in accordance with acceptable standards and rules.

137. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron had a duty to report to Plaintiffs on the performance of the investments in the Assets made by Plaintiffs.

138. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron had a duty not to engage in self-dealing at Plaintiffs' expense.

139. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron took on a position of trust and confidence in their capacity as joint managers of the subject investments.

140. As directors and officers and managers of Halo Companies and its related entities, Defendants Thompson, Williams, R. Chron, and T. Chron had a duty to inform Plaintiffs when Defendants learned of information that would compromise the integrity of the Plaintiffs' past and future investments with any Stewardship and/or Temme related investment with which Halo Companies was purportedly involved.

141. In violation of the aforementioned duties, Defendants Thompson, Williams, R. Chron, and T. Chron, in concert with Temme and Temme's related entities, accepted the responsibilities of managing the contracted for investments, and failed to manage any investments for Plaintiffs.

142. In violation of the aforementioned duties, Defendants Thompson, Williams, R. Chron, T. Chron, in concert with Temme's related entities, willfully turned a blind eye to the fraudulent conduct of Temme and/or others working within the Halo Companies offices.

143. Alternatively, in violation of the aforementioned duties, Defendants Thompson, Williams, R. Chron, T. Chron, in concert with Temme and Temme's related entities, knew that Temme had absconded with Plaintiffs' funds and failed to inform Plaintiffs that their funds were never properly invested.

144. As a direct and proximate result of the above mentioned acts or omissions, Plaintiffs have suffered, and will continue to suffer, damages and irreparable harm.

COUNT III
NEGLIGENCE
(Against All Defendants)

145. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

146. Between December 2010 and August 2011, Defendants, in conjunction with Temme and Temme's related entities, conducted business with Plaintiffs with the intention to use Plaintiffs' funds to purchase and process certain Assets described in the various agreements.

147. As part of the strategic alliance with Temme and his related entities, Defendants agreed to accept Plaintiffs' funds and apply the funds to the Assets in accordance with the Halo Business Model.

148. At all times relevant to this action, Defendants had a duty to provide adequate mortgage brokerage services by, among other things, safeguarding Plaintiffs' funds and to ensure that the funds were used only for the intended purpose. Defendants were to provide loan processing and origination services, among other things.

149. At all times relevant to this action Halo Companies and/or its related entities and agents had an obligation to communicate in accordance with the lender and investor guidelines with both the borrowers and the lenders (throughout the note acquisition process and thereafter).

150. At all times relevant to this action, Defendants had a duty to make sure that the agreed upon Assets were purchased with Plaintiffs' funds.

151. At all times relevant to this action, Defendants had a duty to ensure that their cosponsor and authorized representative, Temme and his related entities, fulfilled the obligations owed to Plaintiffs.

152. Before forming a business alliance and holding themselves out as partners with Temme/Stewardship, Defendants had a duty to perform adequate due diligence. Defendants negligently failed to perform the same.

153. Defendants negligently failed to ensure that their cosponsor and authorized representative, Temme and his related entities, fulfilled the obligations owed to Plaintiffs.

154. Defendants owed a duty to Plaintiffs to monitor Temme/Stewardship's business activities, but Defendants negligently failed to fulfill that duty.

155. As a direct and proximate result of the aforementioned acts and/or omissions, Plaintiffs have suffered damages in the minimum amount of \$4,898,157.00.

COUNT IV
BREACH OF CONTRACT
(Against Halo Companies, HAM and HPA)

156. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

157. Between December 2010 and August 2011, Defendants, in conjunction with Temme and Temme's related entities, entered into various written and oral agreements to invest Plaintiffs' funds in certain Assets described in the various agreements.

158. As part of the strategic alliance with Temme and his related entities, Defendants were responsible for ensuring that Plaintiffs' funds were applied in accordance with the contracts and the Halo Business Model.

159. As part of the strategic alliance with Temme and his related entities, Defendants agreed to report to Plaintiffs on the performance of Plaintiffs' investments.

160. As part of the strategic alliance with Temme and his related entities, Defendants agreed to provide Plaintiffs with distributions of profits from the various investments.

161. Plaintiffs have fulfilled all of their obligations under the agreements.

162. In violation of the agreements reached with Plaintiffs, Defendants, acting in concert with Temme and his related entities, failed to ensure that Plaintiffs' funds were invested in the Assets.

163. In violation of the agreements reached with Plaintiffs, Defendants, acting in concert with Temme and his related entities, failed to make profit distributions.

164. In violation of the agreements reached with Plaintiffs, Defendants, acting in concert with Temme and his related entities, failed to ensure funds were being invested as

promised, and to provide reports to Plaintiffs on the performance of the various investments.

165. In violation of the agreements reached with Plaintiffs, Defendants, acting in concert with Temme and his related entities, made false statements, concealed information and misled Plaintiffs regarding the investments and Plaintiffs' funds.

166. As a result of the aforementioned breaches, Plaintiffs have suffered damages in the minimum amount of \$4,898,157.00.

COUNT V
VIOLATION OF § 581-33 OF THE TEXAS SECURITIES ACT
(Against All Defendants)

167. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

168. Plaintiffs provided funds to purchase certain assets in accordance with the terms of the LP agreements and consistent with the representations made by Defendants. Those funds were sent with the understanding that Defendants would be integrally involved in the management and execution of the Halo Business Model in the various investments.

169. Defendants rendered substantial assistance to and directly or indirectly controlled their authorized agent Temme and Stewardship in connection with the selling, buying and/or issuing of securities. Defendants failed to exercise reasonable care and allowed their authorized agent Temme to defraud Plaintiffs.

170. Defendants, acting in accordance with their strategic alliance with Temme, intentionally or with reckless disregard for the truth or the law materially aided Temme and held Temme out as their agent in the face of the perceived risk that their assistance would facilitate untruthful or illegal activity by Temme.

171. Defendants worked jointly with Temme to raise funds to acquire assets.

172. Upon information and belief, Defendants, in particular Reif Chron, drafted and/or reviewed many, if not all, of the LP Agreements that are the subject of this litigation.

173. Defendants had access to Temme and Stewardship's Comerica bank account.

174. Defendants gave Temme unfettered access to their proprietary AMX platform.

175. Defendants' representatives, including but not limited to Cade Thompson, Reif Chron, Tony Chron, Robert Boyce and Jay Temme, had direct communications with certain Plaintiffs in this action and Karl Kipke, wherein Defendants' representatives confirmed their involvement in the acquisition and processing of mortgages.

176. On June 21, 2011, when Defendants represented to Plaintiffs' representative that the investments would be made pursuant to the Halo Business Model and in conjunction with Temme and Stewardship GP, Temme and Stewardship GP were already the subject of litigation involving allegations similar, if not identical, to those contained within this petition.

177. In early August 2011, Defendants uncovered evidence that Temme and Stewardship had defrauded other investors. Defendants were well aware of a perceived risk that by continuing to work with Temme and Stewardship their assistance would facilitate untruthful or illegal activities. Yet Defendants took no steps to protect Plaintiffs herein.

178. As a direct and proximate result of the wrongful conduct of Temme and Temme's related entities, Plaintiffs have suffered damages in the minimum amount of \$4,898,157.00.

179. Pursuant to Tex. Rev. Civ. Stat. Ann. Art. 581-33, Defendants are strictly liable to Plaintiffs, jointly and severally, as controllers, aiders and abettors to Temme's and Temme's related entities' fraud on the Plaintiffs.

COUNT VI
DEMAND FOR ACCOUNTING
(Against All Defendants)

180. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

181. Plaintiffs demand that Defendants provide a statement detailing the current location of the \$4,898,157.00 which Plaintiffs believed was to be invested in accordance with the funds and opportunities listed in the Factual Background above.

182. Defendants' failure to provide an accounting for the \$4,898,157.00, which was supposed to have been invested in the Assets selected and managed by Defendants, is unjustified.

COUNT VIII
ATTORNEYS' FEES
(Against All Defendants)

183. Plaintiffs incorporate by reference all previous allegations in this petition as if fully set forth herein.

184. As a result of Defendants' wrongful acts and omissions, Plaintiffs retained the undersigned attorneys to represent them and agreed to pay their reasonable and necessary fees.

185. Plaintiffs seek recovery of their reasonable and necessary attorneys' fees, court costs, and expenses through trial and all appeals under applicable Texas law, including but not limited to Tex. Civ. Prac. & Rem. Code § 38.001, the express agreements among the parties, and as otherwise authorized by law.

JURY TRIAL DEMAND

186. Plaintiffs request a trial by jury in this matter.

PRAYER

WHEREFORE, Plaintiffs pray for judgment against Defendants, as follows:

1. That this Court determine that Defendants breached their fiduciary duties by accepting Plaintiffs' funds and failing to invest them as agreed upon, and by failing to inform Plaintiffs that the funds were not used for the contracted for purpose, and by failing to maintain reasonable oversight over Temme/Stewardship's activities;
2. That this Court determine that Defendants materially breached the contractual duties owed to Plaintiffs;
3. That this Court determine that Defendants Halo Companies, Inc., Halo Asset Management, LLC, Halo Portfolio Advisors, LLC, B. Cade Thompson, Reif Chron, Halo Asset Management Genpar II, LLC, and Halo Group, Inc. made material negligent misrepresentations to Plaintiffs, to Plaintiffs' detriment;
4. That this Court determine that Defendants Halo Companies, Inc., Halo Asset Management, LLC, Halo Portfolio Advisors, LLC, B. Cade Thompson, Reif Chron, Halo Asset Management Genpar II, LLC, and Halo Group, Inc. made false representations to Plaintiffs and concealed material information from Plaintiffs;
5. That Defendants owed duties to Plaintiffs and that Defendants negligently breached those duties;
6. That this Court award Plaintiffs reasonable costs, expenses, attorneys' fees and pre- and post-judgment interest to which Plaintiffs are entitled; and
7. For such other and future relief as this Court deems just and proper.

DATED this 25th day of July, 2013.

Respectfully submitted,

/s/ David W. Lunn

David W. Lunn

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ATTORNEYS FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served upon the attorneys of record of all parties to the above cause in accordance with the Texas Rules of Civil Procedure on this 25th day of July, 2013.

/s/ David W. Lunn _____