

1 MELISSA R. HODGMAN  
 Email: HodgmanM@sec.gov  
 2 J. LEE BUCK, II  
 Email: BuckJL@sec.gov  
 3 ALFRED C. TIERNEY  
 Email: TierneyA@sec.gov  
 4 BENJAMIN D. BRUTLAG  
 Email: BrutlagB@sec.gov  
 5 RICHARD HONG (NY Attorney Reg. No. 2503589)  
 Email: HongR@sec.gov  
 6

7 Attorneys for Plaintiff  
 8 SECURITIES AND EXCHANGE COMMISSION  
 100 F Street N.E.  
 9 Washington, DC 20549  
 10 Telephone: (212) 336-0956 (Hong)

11 **UNITED STATES DISTRICT COURT**  
 12 **SOUTHERN DISTRICT OF CALIFORNIA**  
 13

14 SECURITIES AND EXCHANGE ) Case No. '17CV432 L WVG  
 15 COMMISSION, )  
 16 )  
 17 Plaintiff, )  
 18 vs. ) **COMPLAINT FOR VIOLATIONS OF**  
 19 ) **THE FEDERAL SECURITIES LAWS**  
 20 DESARROLLADORA )  
 21 HOMEX S.A.B. DE C.V., )  
 )  
 Defendant )

22 Plaintiff Securities and Exchange Commission (“SEC” or “Commission”)  
 23 alleges and states as follows:

24 **SUMMARY**

25 1. This case is about a massive financial fraud perpetrated by  
 26 Desarrolladora Homex, S.A.B. de C.V. (“Homex” or “the Company”), which is  
 27 headquartered in Culiacán, Sinaloa, and formerly known as Mexico’s largest  
 28

1 homebuilder. Homex's securities have, at all relevant times, been listed or quoted  
2 in the United States. From at least 2010 through 2013 (the "Relevant Period"), and  
3 acting, with scienter, through certain of its then senior officers and employees,  
4 Homex improperly recognized billions of dollars of revenue. In particular, Homex  
5 systematically and fraudulently reported revenue from the sale of tens of thousands  
6 of homes annually that it had neither built nor sold. Homex personnel perpetrated  
7 this fraud by manually entering false information into its internal accounting and  
8 financial systems.

9         2. Homex's resulting overstatements of its revenue and the number of  
10 residential units sold, across its annual reports filed with the Commission during  
11 the Relevant Period, totaled at least MXN \$44 billion (USD \$3.3 billion), or 355%,  
12 and at least 100,000 units, or 317%, respectively.

13         3. During the Relevant Period, U.S.-based individuals and entities  
14 invested hundreds of millions of dollars in Homex, whose securities were, until  
15 April 2014, dually listed on the New York Stock Exchange ("NYSE") and the  
16 Mexican Stock Exchange ("BMV"). The U.S.-based investments in Homex during  
17 the Relevant Period included a \$400 million bond issuance that Homex made  
18 directly to U.S. investors in February 2012. In February 2014, the BMV suspended  
19 trading in Homex's common shares due to unusual stock price movements and the  
20 Company's failure to timely file a required quarterly financial statement. In April  
21 2014, Homex filed for the Mexican counterpart to bankruptcy reorganization. In  
22 the aftermath of that filing, Homex's securities were delisted from the NYSE (and  
23 were thereafter quoted for U.S. trading on the OTC Link operated by OTC Markets  
24 Group, Inc. ("OTC Link")), and the value of U.S.-based investments in Homex was  
25 virtually wiped out.  
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1 4. By engaging in this fraud, Homex violated Section 17(a) of the  
2 Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)] and Sections 10(b),  
3 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934  
4 (“Exchange Act”) [15 U.S.C. §§ 78j(b), 78m(a), and 78m(b)(2)(A) and (B)], and  
5 Exchange Act Rules 10b-5, 12b-20, 13a-1, and 13a-16 [17 C.F.R. §§ 240.10b-5,  
6 12b-20, 13a-1 and 13a-16]. Unless restrained and enjoined by this Court, Homex  
7 is likely to commit such violations in the future.

8 **JURISDICTION AND VENUE**

9 5. This Court has jurisdiction over this action pursuant to Sections 20(b),  
10 20(d)(1), and 22 of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v] and  
11 Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e),  
12 and 78aa].

13 6. Homex, directly or indirectly, made use of the means or  
14 instrumentalities of interstate commerce or the mails, or a facility of a national  
15 securities exchange in connection with the transactions, acts, practices, and courses  
16 of business alleged in this complaint.

17 7. Venue is proper in this District pursuant to Section 22(a) of the  
18 Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15  
19 U.S.C. § 78aa(a)]. During the Relevant Period, certain of Homex’s acts, practices,  
20 and courses of business alleged in this Complaint occurred within this District.  
21

22 **DEFENDANT**

23 8. **Desarrolladora Homex, S.A.B. de C.V.**, a Mexican corporation  
24 headquartered in Culiacán, Sinaloa, Mexico, has at all relevant times been engaged  
25 in the development, construction, and sale of affordable and middle-income  
26 housing in Mexico. From approximately 2004 through 2014, Homex’s stock, in  
27 the form of American Depositary Shares (“ADSs”), was listed and publicly traded  
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1 on the NYSE under the ticker “HXM.” In May 2014, Homex’s stock was  
2 suspended from trading on (and, the following month, delisted from) the NYSE.  
3 Thereafter, it was quoted on the OTC Link under the ticker “DHOXQ” and later  
4 “DHOXY.” On December 9, 2016, the U.S.-based facility for Homex’s ADSs was  
5 terminated. Homex’s ADSs are no longer quoted for trading on the U.S. over-the-  
6 counter market, and its foreign ordinary shares currently trade on the grey market  
7 under the ticker “DHHXF.” Homex’s common stock continues to trade on the  
8 BMV.

9 **FACTUAL ALLEGATIONS**

10 **I. BACKGROUND**

11 9. Homex was founded in 1989 in Culiacán, Sinaloa, Mexico, and  
12 incorporated in 1998 under the Mexican Companies Law. During the Relevant  
13 Period, Homex purported to be the largest real estate development company in  
14 Mexico.

15 10. Homex was founded by several members of the De Nicolas family,  
16 which owned approximately 34% of the Company throughout most of the Relevant  
17 Period, until significant sales of the family’s shareholdings in the first half of 2013  
18 reduced its percentage ownership to approximately 17% by June 2013. One  
19 member of the De Nicolas family, Gerardo de Nicolas, served as Homex’s Chief  
20 Executive Officer (“CEO”) during the Relevant Period. In May 2016, following  
21 Homex’s public disclosure of the Commission’s investigation, Gerardo de Nicolas  
22 stepped down as CEO and board member and was placed on unpaid administrative  
23 leave from the Company. For his part, and also in May 2016, Homex’s Chief  
24 Financial Officer (“CFO”) throughout the Relevant Period, Carlos Moctezuma,  
25 likewise stepped down from the CFO role and was placed on unpaid administrative  
26 leave from the Company.  
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1 11. Homex completed its initial public offering on June 29, 2004;  
2 thereafter, its equity securities were dually listed on the NYSE and BMV. In  
3 subsequent years, Homex also offered and sold hundreds of millions of dollars in  
4 debt securities, including two \$250 million issuances, in 2005 and 2009 (maturing  
5 in 2015 and 2019, respectively), and a \$400 million bond issuance in February  
6 2012.

7 12. In 2013, only one year after its last public debt offering, Homex  
8 began defaulting on its debt obligations and repeatedly failed timely to file  
9 quarterly and annual reports with the Commission. Homex eventually filed for  
10 Mexico's equivalent to bankruptcy reorganization in April 2014. In June 2014,  
11 Homex's ADSs were delisted from the NYSE (after being suspended from NYSE  
12 trading the previous month) but thereafter continued to be quoted for U.S. trading  
13 on the over-the-counter markets. Homex exited from bankruptcy through a Court  
14 Judgment issued on July 3, 2015, and its Reorganization Plan became effective on  
15 October 23, 2015. Upon request by the Company, on December 9, 2016, the  
16 American Depositary Receipt facility for Homex's ADSs was terminated.  
17 Homex's ADSs are no longer quoted for U.S. trading on the over-the-counter  
18 market. Homex's common stock continues to trade on the BMV.  
19

20 **II. RELEVANT ACCOUNTING POLICIES**

21 13. For its fiscal years 2010 and 2011, Homex prepared its financial  
22 statements in accordance with Mexican Financial Reporting Standards ("MFRS"),  
23 and, for its fiscal year 2012, Homex prepared its financial statements in accordance  
24 with International Financial Reporting Standards ("IFRS"). For purposes of its  
25 annual 2010 and 2011 Form 20-F filing with the Commission, Homex reconciled  
26 its consolidated reports of net income, including revenues, and its consolidated  
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1 stockholder's equity to U.S. Generally Accepted Accounting Principles ("U.S.  
2 GAAP").

3 14. In its annual filings on Form 20-F for the fiscal years 2010, 2011, and  
4 2012, Homex stated that revenues from the Company's home sales were  
5 recognized only upon the fulfillment of certain conditions, including "control" of  
6 the home having been transferred to the homebuyer and it having become probable  
7 that the Company will "receive the economic benefits associated with the  
8 transaction."

9 15. Homex's internal accounting policies and procedures further provided  
10 that revenue could be recognized only for homes that attained "Operada" status,  
11 which likewise required the fulfillment of various conditions, including  
12 certification that the home had become habitable (i.e., that the home had been  
13 built) and that transfer of title to the buyer had occurred.

14 16. Accordingly, throughout the Relevant Period, under U.S. GAAP,  
15 IFRS, and Homex's own disclosures and internal policies and procedures, a home  
16 had to be substantially constructed before Homex could meet the criteria above and  
17 thus potentially recognize revenue for its sale.

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19 **III. HOMEX'S INTERNAL SYSTEMS, RECORDKEEPING,**  
20 **FINANCIAL REPORTING PROCESS, AND ACCOUNTING**  
21 **CONTROLS**

22 17. Throughout the Relevant Period, as part of normal operations, Homex  
23 employees entered operational and financial data concerning, among other things,  
24 the construction and sale of homes, into an internal system called the "Sistema  
25 Integral de Administración" (the "SIA" system). The SIA system in turn was  
26 composed of several modules – e.g., the Operations, Sales, Construction and  
27 Treasury Modules – each dedicated to the specific type of data entered therein.  
28 During the course of day-to-day operations, hundreds, if not thousands, of Homex

1 employees across Mexico entered data into SIA's Construction, Sales and  
2 Operations Modules that accurately reflected the true progress of home  
3 construction, sales, and revenue collection, respectively. Unlike other modules,  
4 which tracked information down to the specific house level, the Treasury Module  
5 tracked revenue from home sales only at the project level, i.e., it did not keep data  
6 concerning sales of specific homes. Furthermore, unlike other modules, access to  
7 SIA's Treasury Module was limited to certain persons in Homex's headquarters,  
8 including its then-CEO, CFO, Controller, and a tightly limited number of their  
9 subordinates (hereinafter collectively "Headquarters Financial Reporting  
10 Personnel").

11 18. Homex's Headquarters Financial Reporting Personnel used another  
12 internal accounting and financial reporting system called "Contpaq," a commercial  
13 software system used to process accounting information and consolidate financial  
14 statements.

15 19. Homex's CEO strictly limited Homex employees' access to  
16 information in Homex's internal systems, including SIA and Contpaq. Although  
17 employees in the field could, for example, input and view data in SIA's Sales,  
18 Construction and Operations Modules, they could not input or view data  
19 concerning projects or regions outside their own. Nor could employees in the field  
20 access Contpaq or, as noted above, the SIA system's Treasury Module. Only  
21 Homex's Headquarters Financial Reporting Personnel had access to all relevant  
22 types of information across Homex's various systems.

23 20. At the end of a financial reporting period, Homex's financial reporting  
24 procedures provided that Homex's Headquarters Financial Reporting Personnel  
25 were to upload from the SIA system into Contpaq financial and operational  
26 information accurately captured within SIA's various modules during the relevant  
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1 reporting period, including home sale revenue information entered into the SIA  
2 Sales and Operations Modules. Once uploaded to Contpaq, that information was  
3 then to be consolidated into financial statements used for financial reporting  
4 purposes, including Homex's annual filings with the Commission on Form 20-F.

#### 5 **IV. HOMEX'S FRAUDULENT ACCOUNTING SCHEME**

##### 6 **A. Homex Materially Misstated Revenues Associated With** 7 **Home Sales**

8 21. Homex and certain of its Headquarters Financial Reporting Personnel  
9 knowingly and intentionally engaged in a scheme to materially overstate Homex's  
10 revenues, homes sold, and other related financial items during the Relevant Period.  
11 In just its 2010 through 2012 fiscal years, Homex overstated revenue by at least  
12 MXN \$44 billion (USD \$3.3 billion), or 355% of revenues from actual home sales,  
13 and overstated its number of units sold by over 100,000 units, or 317% of actual  
14 units sold.

15 22. Specifically, the scheme resulted in Homex materially overstating at  
16 least the following revenues and number of units sold:  
17

18 <b>OVERSTATED REVENUES AND UNITS SOLD</b>								
19 <b>FISCAL YEARS 2010-2012</b>								
20 <b>(Revenue Figures in Millions of MXN \$)</b>								
	21 <b>FY 2010</b>		22 <b>FY 2011</b>		23 <b>FY 2012</b>		24 <b>TOTAL 2010-2012</b>	
	Revenue	Unit Sales	Revenue	Unit Sales	Revenue	Unit Sales	Revenue	Unit Sales
25 <b>As Reported on Form 20-F</b>	\$18,465	44,347	\$20,210	52,486	\$18,809	42,945	\$57,484	139,778
26 <b>Actual Results</b>	\$6,456	16,977	\$3,981	11,006	\$2,200	5,536	\$12,637	33,519
27 <b>Revenue / Units Overstated</b>	<b>\$12,009</b>	<b>27,370</b>	<b>\$16,229</b>	<b>41,480</b>	<b>\$16,609</b>	<b>37,409</b>	<b>\$44,847</b>	<b>106,259</b>
28 <b>% Overstatement</b>	<b>186%</b>	<b>161%</b>	<b>408%</b>	<b>377%</b>	<b>755%</b>	<b>676%</b>	<b>355%</b>	<b>317%</b>

29 23. Homex made the aforementioned material misstatements publicly in  
30 (i) numerous filings with the Commission, including its annual reports on Form 20-

1 F for its 2010 through 2012 fiscal years as well as all of the financial reports it  
2 furnished on Form 6-K during the Relevant Period; and (ii) in its public offering  
3 documents concerning its February 2012 issuance of \$400 million in corporate  
4 bonds.

5 24. In connection with each of the aforementioned annual reports on  
6 Form 20-F that Homex filed with the Commission throughout the Relevant Period,  
7 Homex's then CEO and CFO each signed certifications indicating that each had  
8 reviewed the Form 20-F, and that, among other things, the financial statements and  
9 other financial information included therein fairly presented in all material aspects  
10 the financial condition, results of operations and cash flows of Homex.

11 **B. Homex Materially Misstated Revenues Associated with Home**  
12 **Sales By Manually Entering Fraudulent Top-Line Revenue and**  
13 **Cost Entries Concerning Fictitious Home Sales**

14 25. Homex's Headquarters Financial Reporting Personnel intentionally  
15 and knowingly uploaded false information into the Company's internal reporting  
16 and accounting systems in order to perpetrate the fictitious revenue scheme.  
17 Specifically, contrary to the Company's internal controls, policies and procedures,  
18 the Headquarters Financial Reporting Personnel did not upload into Contpaq and,  
19 for financial reporting purposes, did not use information accurately captured within  
20 SIA's Construction, Sales and Operations Modules. Rather, the Headquarters  
21 Financial Reporting Personnel manually entered false revenue – including tens of  
22 thousands of fictitious home sales – into SIA's Treasury Module. Subsequently,  
23 only the false data was uploaded into Contpaq for financial reporting purposes.

24 26. Certain of Homex's Headquarters Financial Reporting Personnel also  
25 maintained a spreadsheet that tracked the fictitious home sales that had been  
26 manually entered into SIA's Treasury Module. They used this spreadsheet, which  
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28

1 was maintained outside of Homex's internal systems, to ensure that fictitious  
2 revenue from manually entered home sales was not double-booked.

3 27. In order to conceal the enormous level of manually-entered fictitious  
4 revenue associated with tens-of-thousands of unbuilt homes, certain of Homex's  
5 Headquarters Financial Reporting Personnel also manually entered corresponding  
6 false cost-of-sales and inventory information into Contpaq. These manual entries  
7 were necessary because, when fictitious revenue was uploaded, the expected cost-  
8 of-sales and inventory entries corresponding to the revenue were not reflected in  
9 the Contpaq system as they were not entered into the other SIA modules in the  
10 normal course of Homex's operations. As a result of the manual entries, the  
11 information used for financial reporting radically inflated the data captured within  
12 SIA's Construction, Sales and Operations modules.

13 **C. Homex Recognized Revenue for Unbuilt Homes**

14 28. By means of the scheme detailed above, Homex claimed to investors  
15 that it had built and sold thousands of homes that, in fact, it had not built. Homex's  
16 Real Estate Project 877 (named "Benevento" and located in the Mexican state of  
17 Guanajuato) is illustrative. During the investigation leading to the filing of this  
18 action, Homex's Relevant Period senior management identified Benevento to the  
19 SEC as one of the Company's top ten real estate development projects by revenue.  
20 Homex's Relevant Period senior management also provided Benevento's project  
21 plan (identifying the location, block and lot number of each planned housing unit),  
22 and details (by block, lot number, sale price and sale date) of the Benevento sales  
23 the Company had included in the financial statements it had filed with the SEC on  
24 Form 20-F. These documents reflected that, by December 31, 2011, all of  
25 Benevento's planned units had been built and sold, and that Homex had recognized  
26 and reported revenue for the same. Satellite images taken in March 2012,  
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1 however, reveal that hundreds of those very same Benevento units remained  
2 unbuilt. (*See* Exhibit 1 attached hereto.)

3 **D. Homex “Factored” Fictitious Accounts Receivable to Maintain Its**  
4 **Accounting Fraud Scheme**

5 29. When Homex actually did build and sell a home, the purchase price it  
6 received was typically financed by a mortgage loan from one of two large Mexican  
7 Government-backed lending institutions. In such cases, Homex typically received  
8 the loan proceeds from the Government-backed lender within a period of weeks—  
9 usually less than a month—following the issuance of title to the home. During the  
10 period it awaited those funds, Homex carried the expected payment from the lender  
11 on its books as an account receivable.

12 30. The vast majority of Homex’s accounts receivable during the  
13 Relevant Period were fictitious because they arose from fictitious home sales.

14 31. In order to immediately monetize both its actual and its fictitious  
15 accounts receivable, Homex, throughout the Relevant Period, entered into financial  
16 arrangements with various Mexican banks whereby the parties agreed to “factor”  
17 specified Homex accounts receivable. In particular, Homex and these banks  
18 entered into written agreements providing that the banks would make a discounted  
19 up-front payment to Homex, in exchange for the right to receive the funds  
20 purportedly comprising the specified accounts receivable in the future. Homex’s  
21 then senior-most executives – specifically its then CEO and CFO – signed these  
22 agreements on Homex’s behalf.

23 32. During the Relevant Period, Homex entered into such factoring  
24 agreements with at least thirteen (13) Mexican banks, concerning at least MXN  
25 \$97 billion (approximately USD \$7.5 billion) in Homex’s purported accounts  
26 receivable. A substantial portion of those factoring agreements, concerning a  
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1 significant portion (at least MXN \$78 billion, or USD \$6 billion) of the “factored”  
2 accounts receivable, by their terms, effectively made Homex the guarantor of  
3 payment. That is, Homex remained responsible, under these particular factoring  
4 agreements, to refund to the bank any accounts receivable that the bank was unable  
5 to collect. Because Homex guaranteed payment of the factored accounts  
6 receivable and thus remained liable to the banks for the amount of the factored  
7 accounts receivable, the relevant accounting principles required Homex to enter a  
8 corresponding liability to any cash it received under these factoring agreements.  
9 Homex’s books and records indicate that, instead, it failed to do so, thereby  
10 materially distorting internal books and records and, ultimately, its financial  
11 statements.

12         33. Homex consistently entered into new factoring agreements to  
13 perpetuate its fraudulent scheme. As discussed above, Homex was often required  
14 to repay banks for any uncollectable accounts receivable. Because Homex’s  
15 revenues were largely fictitious, it lacked cash from legitimate operations to meet  
16 these repayment obligations. Homex could therefore meet its repayment  
17 obligations only by entering into new agreements to factor additional accounts  
18 receivable, the vast majority of which Homex knew were also fictitious. Homex  
19 repeated this cycle of fraud continually, in “check-kiting” fashion, throughout the  
20 Relevant Period.  
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22         34. Homex also made material misstatements and omissions in its annual  
23 filings with the Commission on Form 20-F concerning both the nature and the  
24 extent of its factoring arrangements. Specifically, Homex’s Form 20-Fs during the  
25 Relevant Period disclosed only a *single* accounts-receivable factoring arrangement,  
26 which *lacked* any guarantor-like obligation on Homex’s part. As discussed above,  
27 and as Homex (including its then senior-most executives) knew at the time,  
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1 however, Homex in fact had accounts-receivable factoring arrangements with at  
2 least thirteen (13) banks concerning at least MXN \$97 billion (USD \$7.5 billion) in  
3 supposed accounts receivable, and Homex was contractually obligated to pay those  
4 banks at least 80% of the accounts receivable encompassed by these agreements in  
5 the event the banks were unable to collect them.

6 **E. Homex Continued to Engage in Fraudulent Accounting During**  
7 **the Mexican Bankruptcy Proceedings and the Commission’s Investigation**  
8 **Mexican Bankruptcy Proceedings**

9 35. By no later than June 2012, Homex was aware of the SEC’s  
10 investigation that led to the filing of this action. During the latter half of 2013, as  
11 Homex prepared to file for the bankruptcy process in Mexico and prior to signing  
12 any restructuring agreement with its creditors, Homex recorded a MXN \$7 billion  
13 allowance for “doubtful” accounts, *i.e.*, Homex estimated that approximately MXN  
14 \$7 billion in its outstanding accounts receivable *may* not be collected in the future.  
15 Through its then senior-most executives, however, Homex well knew at the time  
16 that collection of most, if not all, of the accounts receivable encompassed by the  
17 allowance it recorded were not merely “doubtful,” but, in fact, could *never* be  
18 collected, because they were from fictitious home sales.

19 36. Also in 2013, Homex recorded an approximately MXN \$30 billion  
20 reserve for inventory, *i.e.*, it reserved for an estimated MXN \$30 billion *potential*  
21 loss associated with inventory it might not sell. Through its then senior-most  
22 executives, however, Homex knew at the time that most if not all of the inventory  
23 encompassed by the reserve it recorded was actually fictitious inventory booked in  
24 connection with fictitious home construction. Accordingly, Homex knew this  
25 inventory would not merely *potentially* go unsold, but, in fact, could *never* be sold.  
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1 37. Through its senior management and executives, Homex recorded the  
2 aforementioned doubtful-accounts and inventory reserves in lieu of immediately  
3 disclosing its non-existent accounts receivable and inventory, and restating its  
4 financials. By recording these reserves, Homex sought to create a false appearance  
5 of conscientiousness to investors, to the SEC, and to Homex's creditors, the latter  
6 of whom ultimately agreed to convert their claims against Homex to equity in the  
7 Company.

8 **The SEC's Investigation**

9  
10 38. During the Commission's investigation leading to the filing of this  
11 action, and continuing until Homex's then-CEO and CFO were placed on unpaid  
12 administrative leave in May 2016, Homex failed to correct, restate, or even  
13 disclose any concerns as to the reliability of the Company's financial statements  
14 included in its SEC filings.

15  
16 **CLAIMS FOR RELIEF**

17 **FIRST CLAIM FOR RELIEF**  
18 **(Violations of Section 17(a) of the Securities Act)**

19 39. Paragraphs 1 through 38 are realleged and incorporated herein by  
20 reference.

21 40. By engaging in the conduct alleged above, Homex, directly or  
22 indirectly, knowingly, recklessly or negligently, by use of the means or instruments  
23 of transportation or communication in interstate commerce or of the mails, in the  
24 offer or sale of Homex securities: (a) employed devices, schemes, or artifices to  
25 defraud; (b) obtained money or property by means of untrue statements of material  
26 facts or omissions of material facts necessary in order to make the statements  
27 made, in light of the circumstances under which they were made, not misleading;  
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1 or (c) engaged in transactions, practices, or courses of business which operated or  
2 would have operated as a fraud or deceit upon the purchasers of Homex securities.

3 41. By reason of the foregoing, Homex violated, and unless restrained  
4 will violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

5 **SECOND CLAIM FOR RELIEF**  
6 **(Violations of Section 10(b) of the**  
7 **Exchange Act and Exchange Act Rule 10b-5 Thereunder)**

8 42. Paragraphs 1 through 41 are realleged and incorporated herein by  
9 reference.

10 43. By engaging in the conduct alleged above, Homex, directly or  
11 indirectly, by use of the means or instrumentalities of interstate commerce, or of  
12 the mails, or of any facility of a national exchange, in connection with the purchase  
13 or sale of Homex securities, knowingly or recklessly: (a) employed devices,  
14 schemes, or artifices to defraud; (b) made untrue statements of material facts or  
15 omitted to state material facts necessary to make the statements made, in the light  
16 of the circumstances under which they were made, not misleading; or (c) engaged  
17 in acts, practices, or courses of business which operated or would have operated as  
18 a fraud or deceit upon any person.

19 44. By reason of the foregoing, Homex violated, and unless restrained  
20 will violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange  
21 Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

22 **THIRD CLAIM FOR RELIEF**  
23 **(Violation of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the**  
24 **Exchange Act and Rules 12b-20, 13a-1, and 13a-16 Thereunder)**

25 45. Paragraphs 1 through 44 are realleged and incorporated herein by  
26 reference.  
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1 13(b)(2)(A), and 13(b)(2)(B) the Exchange Act, and Exchange Act Rules 10b-5,  
2 12b-20, 13a-1, and 13a-16; and

3 (ii) Granting such other relief as the Court deems just and appropriate.  
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6 Dated: March 3, 2017  
7

8 Respectfully submitted,

9 /s/ Richard Hong

10 RICHARD HONG

11 Attorney for Plaintiff

12 Securities and Exchange Commission  
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## EXHIBIT 1



*Fig. 1:* Benevento Project Plan



*Fig. 2:* March 12, 2012, Benevento satellite image



*Fig. 3:* Colored highlighting reflects Benevento housing units which Homex claimed to have built and sold, and for which it had recorded sales and reported revenue in 2009 (pink), 2010 (green), and 2011 (blue).