

From: Mitch Vexler

Sent: Wednesday, September 17, 2025 9:54 AM

To: 'AmicusRequest@sec.gov' <AmicusRequest@sec.gov>

Subject: Supreme Court of Texas - Fraudulent Property Tax and School District Bond Fraud - Request for Amicus

Letter to SEC General Counsel

From:

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To:

Office of the General Counsel

Securities and Exchange Commission

100 F Street, N.E.

Washington, D.C. 20549

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Date: September 16, 2025

Subject: Request for SEC Review of Municipal Bond Fraud – Supreme Court of Texas Case Concerning Property Taxation and School District Bonds

Dear General Counsel,

I respectfully submit this request for Commission attention regarding systemic concerns in Texas school district bond financing and property tax practices that may implicate federal securities law.

Background

Texas school district and charter district bonds are marketed nationwide to investors and are enhanced through the Texas Permanent School Fund Bond Guarantee Program. According to the Texas State Auditor's January 2024 certification (Report No. 24-011), the Program guaranteed \$115.7 billion in outstanding bond principal as of August 31, 2023, and was within statutory limits.

While formally compliant, the Program masks a growing insolvency risk: the underlying property tax base is inflated by systemic over-valuation. In some counties, more than one-third of households face unsustainable tax burdens, with lien rates reaching 23% even on debt-free homes. In Argyle, Texas, school bond obligations equal approximately \$343,000 per household against a median home value of \$450,000.

Concerns

1. Potential Securities Misrepresentation

- Official Statements and bond offering documents describe repayment sources as “unlimited tax” obligations. In practice, median household incomes cannot support repayment of principal and compound interest, raising the risk that “unlimited tax” language misleads investors in violation of Exchange Act Rule 10b-5.

2. Systemic Risk Beyond Texas

- The analysis filed in *Vexler v. Denton Central Appraisal District* (Supreme Court of Texas) demonstrates that these practices are not isolated. The financial exposure resembles Enron-style off-balance-sheet structures, but on a larger scale, affecting public finance nationally.

3. Constitutional and Procedural Limits

- Lower courts acknowledged evidence of fraud but held that review ends at appraisal review boards (ARBs). The Texas Supreme Court’s precedent in *Patel* confirms that administrative bodies cannot insulate constitutional or fraud claims from judicial review.

Request for SEC Action

I respectfully request that the Commission:

1. **Open a formal investigation** into whether Texas school district bond disclosures misrepresent repayment security, thereby violating federal antifraud provisions.
2. **Utilize subpoena authority** to obtain documents withheld by the Texas Attorney General’s office that were previously sought under FOIA and relevant state public-records requests.
3. **Consider intervention** by filing a statement of interest or similar action to ensure that federal securities law considerations are presented to the Supreme Court of Texas in *Vexler v. DCAD*.

Public Interest

This case has drawn significant public attention, with recent public briefings receiving more than 350,000 direct views and over 6 million aggregated impressions. These numbers reflect widespread concern over property tax insolvency and its impact on both homeowners and municipal bondholders nationwide.

Conclusion

The Commission has a critical role in ensuring accuracy and integrity in municipal bond markets. While Texas's Permanent School Fund Guarantee Program may appear compliant under statutory caps, the disconnect between "unlimited tax" pledges and actual repayment capacity raises serious investor-protection concerns under federal securities law.

I am available at your convenience to provide supporting documentation and analysis.

Respectfully submitted,

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