

Advanced Evidence Verification Report

Property-Valuation Data, Tax-Roll Integrity, and Municipal-Credit Transmission Risk

Prepared for Scott Bessent, Secretary of the Treasury

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Purpose: controlled verification of documentary records, data lineage, and municipal-credit transmission risk. This report distinguishes documentary records, litigant allegations, analytical outputs, and items requiring independent verification.

Important: The report does not ask Treasury to accept allegations as proven. It asks that specified data and records be independently reconciled against authoritative sources before financial-stability or enforcement conclusions are drawn.

Executive Summary

Question presented. Do the documentary records assembled around Denton Central Appraisal District (DCAD), related tax-roll certification, appraisal-system controls, and school-district finance justify a controlled federal verification exercise focused on data integrity and municipal-credit transmission?

Answer for verification purposes. Yes. The materials are sufficiently organized and specific to support a limited, source-controlled verification pilot. That is not the same as concluding that the underlying allegations are true. The correct next step is to reconcile the records against authoritative custodians and market disclosures before drawing legal, enforcement, or systemic-risk conclusions.

Why this matters to Treasury

- **Financial stability:** The Secretary of the Treasury chairs the Financial Stability Oversight Council (FSOC), which monitors significant market developments and potential emerging threats to U.S. financial stability.
- **Municipal-credit data integrity:** Local tax bases, assessed values, tax collections, debt service, and official statements are connected datasets. If one dataset is materially unreliable, the credit question is whether the inconsistency is isolated, correctable, or capable of propagating through tax-supported debt.
- **Tax-advantaged debt:** Federal tax law applies to tax-advantaged municipal debt, and IRS Tax Exempt Bonds examinations can be selected by referral. This report does not assert that tax-exempt status has been violated; it identifies a data-verification pathway if material inconsistencies are found.
- **Interagency coordination:** Municipal offering documents and continuing disclosures are available through the MSRB's EMMA system, while the SEC has municipal-securities responsibilities. Treasury can therefore frame a verification request without assuming jurisdiction over local appraisal disputes.

What this report does - and does not do

This report DOES	This report DOES NOT
Map documentary assertions to identifiable custodians and records.	Declare that fraud, criminal conduct, securities violations, or tax violations have been proven.
Separate public records, court records, litigant allegations, and litigant analyses.	Treat the Mockingbird website or exhibit index as a substitute for authenticated primary records.
Identify a controlled Treasury/FSOC verification protocol.	Ask Treasury to adjudicate individual property values or state-law tax protests.
Show how a local valuation-data problem could transmit into tax-supported credit if verified.	Assume that one appraisal district is representative of Texas or the national municipal market.

1. Source Base and Evidence Hierarchy

Primary materials reviewed for this report: the public DCAD evidence portal at Mockingbird Properties; the site's DCAD archive; the supplied 1,195-row Master Exhibit Index; the U.S. Supreme Court docket for No. 26-179; the Texas Second Court of Appeals memorandum opinion; and official Treasury/FSOC, IRS, and MSRB materials.

Evidence hierarchy

1. **Tier 1 - Official records:** court orders and dockets; appraisal-district minutes/audio; Comptroller/PTAD records; certified rolls; tax statements; official statements; EMMA filings; IRS/Treasury records.
2. **Tier 2 - Contemporaneous transcriptions and archived copies:** partial transcripts, archived web pages, and copies of records retained by the parties. These should be reconciled to the custodian's original where possible.

3. **Tier 3 - Litigant analysis:** comparative worksheets, infection-rate models, overvaluation/overtaxation calculations, and bond-linkage analyses. These can be useful hypotheses but require independent replication.
4. **Tier 4 - Commentary and advocacy:** articles, presentations, interviews, and explanatory graphics. These may direct investigators to evidence, but should not be treated as proof by themselves.

2. Current Court Posture

State appellate posture. The Texas Second Court of Appeals affirmed the trial court's jurisdictional dismissals on May 1, 2025. Its opinion focused on the Tax Code's exclusive-remedy scheme, sovereign-immunity/jurisdiction issues, and standing. The court did not conduct a trial on the factual truth of the system-wide appraisal allegations.

U.S. Supreme Court posture. The U.S. Supreme Court docket for No. 26-179 shows the petition was filed August 5, 2026, docketed August 10, and distributed on September 9 for the September 28, 2026 conference. Mavex Shops of Flower Mound, LP filed a brief in support on August 25.

Caution: A jurisdictional ruling is not a judicial finding that the factual allegations are true. Conversely, it is also not a merits finding that the underlying methodology allegations are false. For Treasury purposes, the open question is empirical verification.

3. Core Evidence Chain Presented by the Materials

Tax-roll certification	Appraisal data / provenance	Manual workarounds	PVS / taxing-unit interface	Certified tax base	Bond / household transmission
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The exhibit index and public portal organize the allegations around a connected control problem: whether the certified values entering the tax and public-finance system can be reproduced from retained records, lawful methods, and a complete change history.

Priority verification matrix

Index	Issue	Record family	Index status	Treasury-grade verification step
P-6 / P-7	2021 certification irregularities	Vargas partial transcript; Henley written corroboration	On hand	Reconcile certified/unresolved-account counts to custodian records; identify what was certified and when.
P-10	Board statements about valuation/PVS	Feb. 15, 2024 board transcript/audio	On hand	Obtain original audio/minutes and full context; identify exact statements, speakers, and PVS data.
P-12	Work-record destruction / non-retention	Saling deposition and litigation records	On hand / category assembled	Compare testimony to statutory/agency record-retention requirements and actual retained files.
P-13	Multiple databases / conversion / provenance	McClure deposition, extracts, board records	On hand / category assembled	Reconcile the same parcel across systems and dates; identify change logs, conversion maps, and data lineage.
P-14	Spreadsheet workarounds outside CAMA	Saling deposition; 10/12/23 board transcript/audio	On hand	Obtain original files/logs; determine whether adjustments can be reproduced and whether spreadsheets were retained.
P-15	PVS correspondence	Texas Comptroller/PTAD + DCAD	Category to locate; supporting items on hand	Obtain complete correspondence and PVS working files; test whether value changes were linked to PVS outcomes.
P-16	Budget / taxing-unit linkage	Board minutes/audio; ICW examples	Category to locate; many supporting items on hand	Distinguish ordinary budgeting communications from any evidence that appraisals were reverse-engineered to revenue needs.
P-17	Cross-county workarounds	JCAD review; DCAD references to other CADs	Category to locate	Use only after Denton pilot; compare software/control deficiencies rather than assuming a statewide pattern.
P-19	Infection-rate analysis	Plaintiffs' analytical model	On hand	Rebuild independently from source parcel/comparable data. Treat current percentages as unverified analytical outputs.

Index	Issue	Record family	Index status	Treasury-grade verification step
P-20	Bond / fiscal linkage	Issuer records, EMMA, underwriters	Category to locate; examples on hand	Reconcile certified tax base, debt service, issue statements, tax collections, and later disclosures.
P-23	Property-specific injury / tax statements	Notices, certified values, tax statements	Supporting records listed	Reproduce year-over-year property histories and compare to protest/ARB outcomes.
P-24 (replacement entry)	Independent fee appraisals allegedly rejected	Owner-submitted USPAP appraisals	To locate	Obtain originals, engagement scope, effective dates, methods, and rejection record before drawing conclusions.

4. Findings That Are Documentary vs. Findings That Remain Analytical

Documentary / directly checkable	Status
Court record exists	SCOTUS No. 26-179 is publicly docketed; the Texas appellate opinion is public.
Public evidence portal exists	The DCAD site publicly indexes court filings, board records, archived appraisal-district materials, presentations, and other evidence categories.
Archive exists	The public DCAD archive lists board minutes/audio and appraisal-district reports across multiple years.
Exhibit index is organized	The supplied index maps proposed exhibits to document descriptions, custodians, dates, pleading paragraphs, and assembly status.

Analytical / requires independent validation	Status
System-wide fraud conclusion	The materials allege it; this report does not independently establish it.
Infection rates	The supplied index cites specific percentages; those require independent reconstruction from source data.
Denton-wide overvaluation/overtaxation totals	The public portal and index contain plaintiff calculations; the methodology and inputs should be independently reproduced before use.
Bond impairment / contagion	A plausible transmission hypothesis can be tested, but magnitude and materiality require issuer-by-issuer and market-level data.

5. Municipal-Credit Transmission: What Treasury Should Test

The relevant credit question is not whether every disputed appraisal is wrong. It is whether the tax-base data used by issuers, investors, rating processes, or debt-capacity analyses can be reconciled to authoritative, retained, reproducible records - and what happens if material portions cannot be reconciled.

Layer	Data to reconcile	Verification question
1. Valuation layer	Parcel-level values, mass-appraisal inputs, manual adjustments, comparable selection, income worksheets.	Can the final certified value be reproduced from retained records?
2. Certification layer	Unresolved protests, supplemental rolls, certification dates, later revisions.	Were certified totals complete, accurately characterized, and reconciled to later changes?
3. Tax layer	Tax rates, taxable values, levies, collections, delinquency, refunds.	What revenue was actually produced by the certified base, and how sensitive is it to restatement?
4. Debt layer	Outstanding principal, debt service, refundings, capital appreciation/accretive features, guarantees.	What portion of debt-service capacity depends on property-tax assumptions and certified values?
5. Disclosure layer	Official statements and continuing disclosures on EMMA.	Were material tax-base, debt, or valuation assumptions

Layer	Data to reconcile	Verification question
		accurately and timely described?
6. Household layer	Property-tax burden, affordability, delinquency, forced-sale stress.	Could rising tax burden weaken the same tax base supporting debt?
7. Market layer	Pricing, spreads, rollover/refunding access, insurer/guarantor exposure.	Would corrected information be material to investors or create correlated repricing?

6. Treasury / FSOC Controlled Verification Pilot

A narrowly scoped pilot can test the evidence without accepting any party's narrative.

1. Define the authoritative dataset. Obtain certified rolls, supplemental rolls, protest status, final values, collection records, and any state-level reconciliations directly from custodians.

2. Preserve data lineage. Request CAMA/GIS extracts, audit/change logs, import/export records, manual spreadsheet adjustments, system-conversion documentation, and retention policies for a defined period.

3. Reconcile certification. For 2021 and selected later years, reconcile unresolved/protested parcels, certified totals, supplemental changes, and final tax rolls.

4. Reproduce sample appraisals. Select a statistically meaningful sample of residential and commercial parcels and reproduce the certified value from retained inputs and stated methods.

5. Rebuild the PVS interface. Obtain PTAD/Comptroller correspondence and PVS working data. Determine whether observed value changes are explained by lawful reappraisal, PVS response, or other factors.

6. Reconcile municipal finance. For selected school districts, match certified values to tax-rate assumptions, collections, outstanding debt, debt service, official statements, continuing disclosures, and refunding history.

7. Stress-test materiality. Restate the tax base using independently supportable values for the sample/pilot and measure effects on tax revenue, coverage, debt metrics, and investor disclosures.

8. Escalate only on verified discrepancies. If material inconsistencies appear, refer the relevant question to the proper authority - for example SEC/MSRB disclosure review, IRS tax-exempt-bond examination/referral, or state record/certification authorities.

7. Proposed Data Request - Denton Pilot

Custodian	Requested data family
DCAD	Certified rolls; appraisal notices; final/supplemental changes; parcel history; CAMA/GIS exports; change logs; manual adjustment records; board audio/minutes; appraisal manuals; mass-appraisal reports.
Denton County Tax Assessor-Collector	Tax roll received; certification/supplemental files; levy and collection records; adjustments and refunds; correspondence about certification irregularities.
Texas Comptroller / PTAD	PVS inputs/results; confidence-interval workpapers; correspondence; ratio studies; audit/oversight materials; records of complaints/referrals.
School districts / issuers	Budgets; tax-rate assumptions; debt schedules; refundings; outstanding principal; capital-appreciation/accretive bonds; guarantees; official statements and continuing disclosures.
MSRB / EMMA	Official statements, continuing disclosures, ratings-related disclosures, trade/pricing history for selected issues.
IRS Tax Exempt Bonds	Form 8038-series data and any appropriate referral/examination pathway if a federal tax-compliance question emerges.
Plaintiffs / archive custodian	Original archived files, recordings, transcripts, calculations, chain-of-custody, and source spreadsheets used for analytical claims.

8. Requested Treasury Actions

- 1. Accept the package for verification triage, not for presumed conclusions.** Assign a small technical team to evaluate whether the proposed Denton pilot can be reproduced from authoritative data.
- 2. Use FSOC's convening function if the issue crosses jurisdictions.** Treasury's role is strongest in identifying potential financial-stability vulnerabilities and coordinating relevant member agencies, not in adjudicating local appraisal disputes.
- 3. Request a controlled data reconciliation.** Start with 2021 certification and a limited set of later-year appraisal, PVS, tax-collection, and bond records.
- 4. Require reproducibility.** Every material finding should be traceable to a custodian, source file, date, calculation, and version.
- 5. Separate confirmed facts from litigant analytics.** Publish or internally maintain a verification table stating confirmed, contradicted, unresolved, and not-in-scope items.
- 6. Determine materiality before escalation.** Only verified discrepancies that are material to tax-supported credit, federal tax compliance, investor disclosure, or broader financial stability should trigger interagency action.

9. Limitations and Credibility Controls

- **Internal index limitations:** The supplied exhibit index is an assembly document. Some exhibit categories are listed as 'to locate' or 'to finalize,' and some paragraph/appendix references are placeholders.
- **Public-site limitations:** Mockingbird Properties is an advocacy/evidence repository maintained by a litigant/participant. It is useful as a source map, not as an independent adjudicator.
- **Litigation limits:** The pending Supreme Court petition and prior jurisdictional rulings should not be described as merits findings about the truth or falsity of the underlying allegations.
- **Analytical limits:** Plaintiff-generated infection-rate, overvaluation, overtaxation, affordability, and bond-stress calculations require independent replication before Treasury reliance.
- **Generalization limits:** Evidence from Denton or other cited Texas counties should not be extrapolated nationally without a statistically and institutionally appropriate sample.

10. Bottom Line for the Secretary

The strongest case for Treasury attention is a verification case, not an accusation case. The records are specific enough to test whether certified property-tax values, underlying appraisal controls, state oversight data, and tax-supported municipal debt can be reconciled end-to-end. If they reconcile, the systemic hypothesis weakens. If they do not, the nature, scale, and market materiality of the mismatch can then be measured and routed to the appropriate authority.

Appendix A - High-Value Exhibit Categories from the Master Index

Exhibit	Category	Treasury use
P-1 to P-5	State-court record	Court orders, appellate documents, pleadings, jurisdictional history.
P-6 to P-7	Certification / tax-roll irregularities	Vargas and Henley materials concerning unresolved accounts and certification.
P-8 to P-10	Official on-record statements	Board/official statements about workarounds, value increases, PVS and 'guestimates'.
P-11	ARB proceedings	Audio, presentations, evidence packets, hearing outcomes.
P-12 to P-14	Records / systems / manual workarounds	Retention/destruction, multiple databases, spreadsheet adjustments outside controlling software.

Exhibit	Category	Treasury use
P-15 to P-17	PVS / budgets / cross-county practices	Comptroller interface, taxing-unit communications, claimed workaround patterns.
P-18	Violation catalogue	Plaintiffs' legal theory inventory; not itself proof of a violation.
P-19	Infection-rate analysis	Plaintiff analytical model requiring independent reconstruction.
P-20	Bond / fiscal linkage	Official statements and fiscal records - priority category still listed to locate.
P-21 to P-22	Federal referrals	Prior referral package and Solicitor General transmittal.
P-23	Property / damages records	Notices, certified values, tax statements and property-specific histories.
P-24 replacement	Independent fee appraisals	Listed to locate; potentially useful only after authenticity/scope/effective-date review.
P-25 to P-26	Discovery work product	Examination and RFAs; not evidence by themselves.

Appendix B - Principal Public and Official Sources

- Mockingbird Properties - DCAD evidence portal:** <https://www.mockingbirdproperties.com/dcad>
- Mockingbird Properties - DCAD archive:** <https://www.mockingbirdproperties.com/dcad-archive>
- U.S. Supreme Court - Docket No. 26-179:**
<https://www.supremecourt.gov/search.aspx?filename=%2Fdocket%2Fdocketfiles%2Fhtml%2Fpublic%2F26-179.html>
- Texas Second Court of Appeals memorandum opinion (mirror):**
<https://law.justia.com/cases/texas/second-court-of-appeals/2025/02-24-00305-cv.html>
- U.S. Treasury - Scott Bessent biography:** <https://home.treasury.gov/about/general-information/officials/scott-bessent>
- U.S. Treasury - FSOC annual reports:** <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc/studies-and-reports/annual-reports>
- U.S. Treasury - FSOC July 15, 2026 meeting readout:** <https://home.treasury.gov/news/press-releases/sb0565>
- IRS - Tax-exempt bond examination process:** <https://www.irs.gov/tax-exempt-bonds/understanding-the-tax-exempt-bonds-examination-process>
- MSRB - About EMMA:** <https://www.msrb.org/Transparency-and-Technology/About-EMMA>
- MSRB - Official Statements:** <https://www.msrb.org/Official-Statements>
- Internal source supplied for this report:** LR-11-Vexler_Federal_Complaint_Master_Exhibit_Index.xlsx

Appendix C - Verification Vocabulary

Term	Meaning
Confirmed	Verified directly against an authoritative custodian or official record.
Corroborated	Supported by two or more independent records, but not necessarily fully reconciled.
Alleged	Asserted by a party or advocacy source and not independently established in this report.
Analytical output	A calculation/model result that must be replicated from source data before reliance.
Unresolved	Evidence exists or is identified, but authenticity, completeness, context, or materiality remains open.
Materiality	Whether a verified discrepancy would matter to investors, federal tax treatment, debt-service capacity, or financial stability.