

Citron Presents the Smoking Gun on Textura CEO's History For all of you Analysts who are "Hard of Reading": The Picture Worth a Thousand Words.

Citron has been writing about companies with management "issues" for over 13 years. We've survived to witness over 50 of the stocks we've covered suffer regulatory intervention, at the ultimate expense of shareholders who doggedly believed management rather than the facts. Management and analyst responses to inconvenient truths are very revealing of their trustworthiness.

Textura's (NYSE:TXTR) only response to the two Citron reports was a simple blanket denial of everything. They offered not one single data point to refute any of the numerous troubling points related to its IPO and follow-on offerings, referenced from their own filings.

Furthermore every analyst whose firms underwrote the IPO and follow-on offerings for Textura have weighed in. That would be no less than:

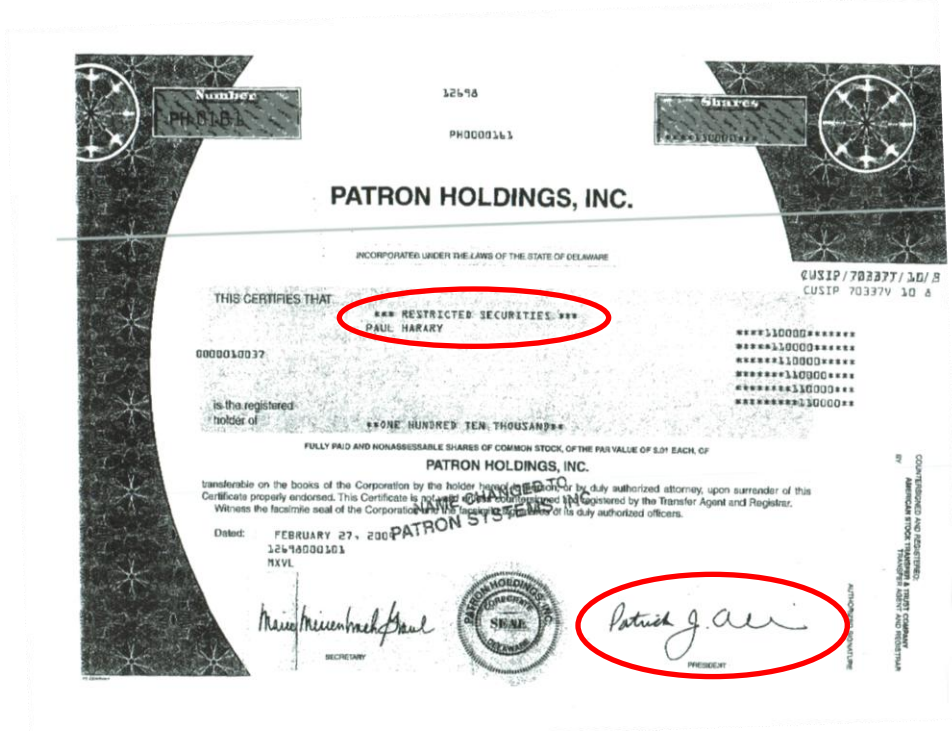
- William Blair (*)
- Barrington Securities (*)
- Credit Suisse
- Oppenheimer
- JMP Securities

Meanwhile, the analyst firms, at least two of which Citron has pointed out have conflicted relationships with Textura through senior members holding insider stock prior to IPO (*), have stood by their shoddy work and complicity. **Every single one of them shrugs off their own failure to disclose Patrick Allin's active role in the stock fraud that was Patron Systems, which occurred in the 2002 – 2004 timeframe, immediately before his co-founding Textura.** Instead, we've been called "rogue", they've claimed the information we published is of no efficacy because "we only found it on the internet", we've created a "buying opportunity", and best of all was the Oppenheimer analyst who called the gross omission of Patrick Allin's role in Patron Systems bio a "glitch".

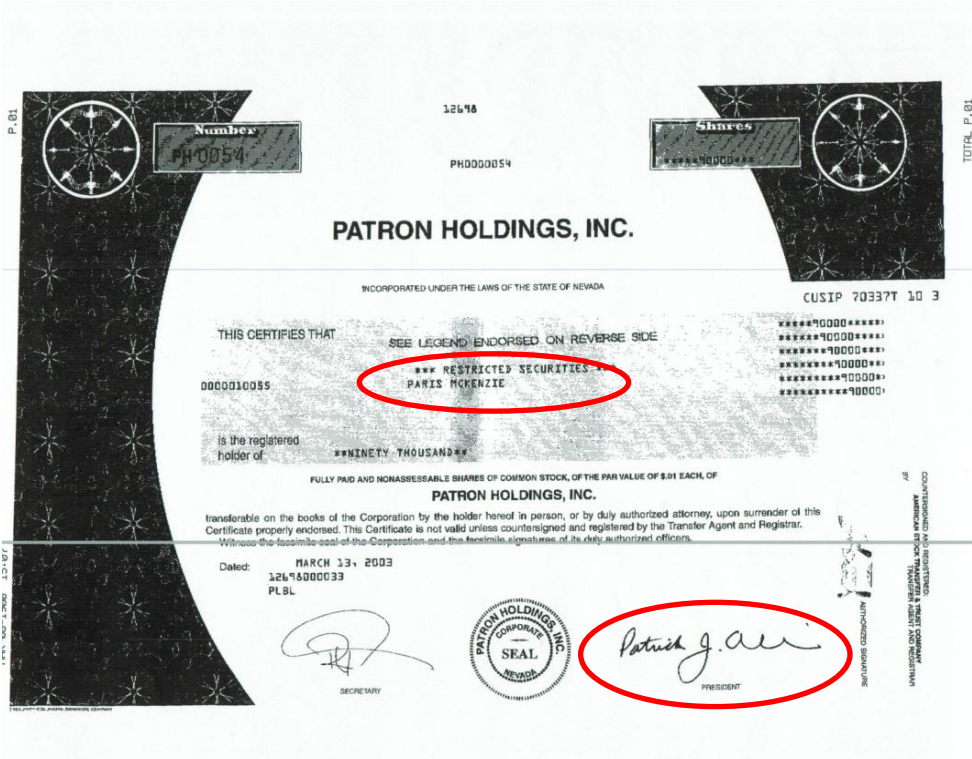
Citron wishes to remind readers that it is not an anonymous post that "publishes anything". Citron's editor personally stands the scrutiny of US civil and Securities laws for every statement of fact posted on the Citron blog.

The Pictures that No Excuse Can Explain Away

Remember Paul Harary? He is in federal prison for stock fraud, while every analyst acts as if Patrick Allin had nothing to do with him. Look at the two names on these certificates:



... and this one ... to Paris McKenzie, who was [Paul Harary's spouse](#).



What makes this worse is the stated reason that Patrick Allin gave this stock to Harary. The claimed purpose of this stock grant, **worth over \$7.3 million as of the date of the filing**, is stated as:

These services, which will be performed for a period of two years from March 31, 2003, will enable our Company to use one of our consultants for general business matters including, but not limited to, development of an international business strategy, the evaluation and analysis of management needs and identifying and introducing the Company to prospective merger, asset, business or other acquisition candidates. Our other consultant will seek and identify potential candidates in the enterprise security and technology fields for acquisition by the Company.

<http://www.sec.gov/Archives/edgar/data/1075043/000095013703002026/c76029a1sv8pos.txt>

This S-8 signed is by Patrick J, Allin as CEO, filed April 9, 2003. (Of course, M. Rashid Qajar, the other stock grantee in this S-8 bonanza, has also left a tawdry trail of small-time securities fraud on two continents. See [here](#) and [here](#).)

What makes this worse is that the reason given for Harary and Qajar's stock grant is a **lie**. This is a clear example of deceit in an SEC filing.

So instead of discussing management credibility or how Textura has been operating for 10 years, and has booked losses of over \$185 million, they would rather rely on such meaningless phrases as "total addressable market". Shit, if that's the case they might as well open a pizza shop ... everyone loves pizza ... the total addressable market is **huge!**

This company is a joke. Management has lied to investors about its past and will continue to lie about its future prospects. As an investment thesis, with nothing but losses and rapidly expanding expenses in its operating history, all we really have to rely on is the credibility of management. Textura's CPM is a single-purpose utility with a small revenue base and no likelihood of becoming a comprehensive enterprise software platform for the construction industry. Its acquired products are a hodge-podge of poorly integrated solutions, of marginal standalone functionality, each of which was losing money when acquired. These acquisitions are being made for appearances, not as part of a credible strategy to ascend to leadership as a leading enterprise software provider to the construction industry.

Conclusion

Citron has spoken to the victims of the Patron Systems debacle. We got a copy of these certificates from someone who was personally “sold a bill of goods” by Patrick Allin. Before you invest based on the representations of Patrick Allin, do not forget, this is the consultant he hired for enterprise security software ... the year before he founded Textura.



Paul Harary

In the context of his disclosure failures, which can now be viewed as willful and intentional, isn't it ironic that Patrick J. Allin served as [“Audit Partner” for PriceWaterHouse](#) ?

This continues to astound us ... but then again, Bernie Madoff was Chairman of NASDAQ. Somehow, that wasn't a problem either, until the day it was a problem.

Cautious Investing to All