

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION**

**ALYSSON MILLS, IN HER CAPACITY
AS RECEIVER FOR ARTHUR LAMAR
ADAMS AND MADISON TIMBER
PROPERTIES, LLC,**

Plaintiff,

VS.

Case No. 3:18-cv-000679

*Arising out of Case No. 3:18-cv-252,
Securities Exchange Commission v.
Arthur Lamar Adams and Madison Timber
Properties, LLC*

**Hon. Carlton W. Reeves, District Judge
Hon. F. Keith Ball, Magistrate Judge**

**MICHAEL D. BILLINGS and
MDB GROUP, LLC;
TERRY WAYNE KELLY, JR. and
KELLY MANAGEMENT, LLC;
and WILLIAM B. MCHENRY, JR. and
FIRST SOUTH INVESTMENTS, LLC,**

Defendants.

**MOTION OF WILLIAM B. MCHENRY, JR. AND
FIRST SOUTH INVESTMENT, LLC FOR ACCESS TO EXHIBITS
INTRODUCED AT ARTHUR LAMAR ADAMS' SENTENCING HEARING**

William B. McHenry, Jr. and First South Investments, LLC (“Bill McHenry”) move for access to exhibits introduced at Arthur Lamar Adams (“Adams”) October 29 and 30 Sentencing Hearing and in support submits the following:

1. On October 29 and 30, the Court held the sentencing hearing for Arthur Lamar Adams (“Adams”), in the case of *United States v. Arthur Lamar Adams*, Criminal Case 3:18-cr-00088-CWR-LRA-1, U.S. District Court for the Southern District of Mississippi.

2. At Adams’ sentencing hearing on October 29, the United States introduced six exhibits marked G1 through G6. A two (2) paged excerpt from the hearing is attached as Exhibit A. At the hearings, the Assistant U.S. Attorney explained, “Government’s Exhibit 1 ... is the redacted transcript interview of Arthur Lamar Adams from April 19, 2018.” He described the

other exhibits in the excerpts appearing as Exhibit A. At the sentencing hearing, Defendant Adams' counsel also introduced six exhibits (D1 through D6). All of these exhibits are material to Bill McHenry's defense in this proceeding. The Clerk's Office has informed counsel that these exhibits are sealed.

3. The Receiver's Initial Disclosures list among "categories of documents in [Receiver's] possession, custody or control [that] may be used to support her claims" include the following: "7. Statements by Lamar Adams" and "8. Statements by any investor from whom Billings or McHenry was the recruiter." A copy of Receiver's Initial Disclosures is attached as Exhibit B.

4. On November 27, 2018, when counsel requested a copy of Adams' statements, Receiver indicated she only had a transcript of the Adams interview. Receiver said we could get a copy of the interview from the Clerk's office since it was introduced as an exhibit at Adams' sentencing hearing. At the same time, Receiver indicated statements of victims should be sought from Government.

5. As a consequent of the inability to get access to these statements generally described in Receiver's Initial Disclosures and those exhibits introduced at Adams' sentencing hearing, McHenry's evaluation of this evidence and information as well as ability to formulate a response to Receiver's Motion for Summary Judgment has been significantly impeded.

6. Bill McHenry and his counsel are mindful of confidentiality protocol and will withhold use in any filing of the name or identifying information such as address, phone number or social security number of any investor. At the same time, it is imperative Bill McHenry be given access to the Adams interview, the other exhibits introduced at Adams' sentencing and the additional statements referenced in Receiver's disclosures. These materials are essential to Bill McHenry formulating a response to Receiver's Motion for Summary Judgment.

7. Since this motion does not involve legal issues, Bill McHenry requests the provision for filing a memorandum of law be waived.

Bill McHenry respectfully requests the Court to advise the Clerk's office that it may provide copies of all exhibits from the Lamar Adams sentencing hearing being Government Exhibits G1 through G6 and Defendant Exhibits D-1 through D-6, to Frank W. Trapp and the Phelps Dunbar LLP law firm, counsel for Bill McHenry and First South Investments, LLC.

THIS the 7th day of December, 2018.

Respectfully submitted,

PHELPS DUNBAR LLP

BY: /s/ Frank W. Trapp

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ATTORNEY FOR WILLIAM B. MCHENRY
AND FIRST SOUTH INVESTMENTS, LLC

CERTIFICATE OF SERVICE

I certify that I have this day filed this documents with the Clerk of the Court using the ECF system, which sent notification of such filing to all counsel of record.

This the 7th day of December, 2018.

/s/ Frank W. Trapp
FRANK W. TRAPP

UNITED STATES OF AMERICA

VS.

CRIMINAL NO. 3:18cr00088CWR-LRA-1

ARTHUR LAMAR ADAMS

SENTENCING HEARING
VOLUME 1

BEFORE THE HONORABLE CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE
OCTOBER 29, 2018
JACKSON, MISSISSIPPI

APPEARANCES:

FOR THE GOVERNMENT: MR. DAVID H. FULCHER

FOR THE DEFENDANT: MR. JOHN M. COLETTE
MR. SHERWOOD A. COLETTE

REPORTED BY: CHERIE GALLASPY BOND
Registered Merit Reporter
Mississippi CSR #1012

501 E. Court Street, Ste. 2.500
Jackson, Mississippi 39201
(601) 608-4186



1 A Correct.

2 MR. COLETTE: Judge, at this time, I have no problem
3 moving Government's Exhibit 2 into evidence.

4 MR. FULCHER: Your Honor, I have six exhibits,
5 actually, I'd like to move into evidence. I don't think
6 Mr. Colette has any objection to all six of them. At this
7 time, I can go ahead and --

8 THE COURT: Will they be -- okay. Tell me what
9 numbers. G-what?

10 MR. FULCHER: Your Honor, I have Government's Exhibit
11 1, which is the redacted transcript interview of Arthur Lamar
12 Adams from April 19, 2018. Exhibit 2 is the summary of
13 investor losses, April 1, 2018 to April 30, 2018. It's the
14 two-page document that is in front of the witness now. Third,
15 I have a redacted spreadsheet of investor losses, April 1st,
16 2018 -- it should say 2017 on both of these. It does on the
17 actual document. April 1, 2017 to April 30th, 2018. Then I
18 have Exhibit 4 is a link analysis of cash flow of Lamar Adams
19 and Madison Timber Properties for that one-year period.
20 Exhibit 5 is a link analysis of expenditures of Lamar Adams,
21 April 1, 2017 to April 30, 2018. And then, finally, Exhibit 6
22 is -- consists of photographs of counterfeit stamps used by
23 Lamar Adams to create fraudulent documents.

24 THE COURT: Okay. G-1 through 6 will be received into
25 evidence.

1 MR. FULCHER: I've provided copies of all of these to
2 counsel prior to this hearing, and I have a copy for the court
3 clerk and also have a copy for Your Honor.

4 THE COURT: Okay.

5 MR. FULCHER: If I may approach.

6 THE COURT: You may.

7 (Exhibits G-1 through G-6 marked).

8 MR. FULCHER: Your Honor, 1 through 6 has been
9 received?

10 THE COURT: G-1 through 6 are received into evidence.

11 MR. FULCHER: Thank you, Your Honor. For the record,
12 I have already redacted each of these consistent with the local
13 rules, so they are compliant.

14 THE COURT: Okay. Thank you.

15 BY MR. COLETTE:

16 Q Mr. Adams, the government has prepared a chart and those
17 stamps, but let me ask you something and see if we can clear
18 something up. Not that I believe everything I read in the
19 paper, but did you invest -- did you give Ole Miss \$400,000?

20 A No, sir, I gave them partial of that. There were seven
21 groups of us that were -- that made that contribution. It just
22 had to be registered in one person's name, so it was registered
23 in mine.

24 Q So you and a group of seven other people contributed to
25 whatever programs that totaled that amount that was in the

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MICHAEL D. BILLINGS and
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Hon. Carlton W. Reeves, District Judge

THE RECEIVER'S INITIAL DISCLOSURES

Plaintiff Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber"), through undersigned counsel, respectfully submits these initial disclosures in accordance with Rule 26(a) of the Federal Rules of Civil Procedure.

A. The Receiver believes that the following individuals likely have discoverable information that she may use to support her claims in this matter:

1. Arthur Lamar Adams – owner and manager of Madison Timber
2. Terry Wayne Kelly – recruiter for Madison Timber
3. Michael Billings – recruiter for Madison Timber
4. William McHenry – recruiter for Madison Timber



5. Michael Billings's Madison Timber investors – knowledgeable about sales for which Billings received commissions
6. William McHenry's Madison Timber investors – knowledgeable about sales for which McHenry received commissions
7. Frank Zito – recruiter of one Madison Timber investor; investor in Madison Timber; introduced Adams to Butler Snow and Billings
8. Grace Fuller – accountant for Madison Timber; familiar with Madison Timber's books and records
9. Les Alexander – forensic accountant for the Receiver – expert witness for the Receiver
10. Alysson Mills – Receiver

B. The Receiver believes the following categories of documents in her possession, custody or control may be used to support her claims in this case:

1. Accounting records of Madison Timber
2. Bank statements of Madison Timber
3. Accounting records of First South Investments
4. Bank statements for MDB Group, LLC
5. Emails to/from Michael Billings received from Wayne Kelly, Lamar Adams, and Butler Snow
6. Loose files produced by William McHenry
7. Statements by Lamar Adams
8. Statements by any investor for whom Billings or McHenry was the recruiter

The Receiver reserves the right to amend these responses if the parties conduct discovery.

C. Damages

The Receiver seeks \$3,513,780 from Michael Billings and \$3,473,320 from William McHenry, as stated in her complaint. These numbers reflect commissions received by Michael Billings and William McHenry from the proceeds of the Madison Timber Ponzi scheme.

November 13, 2018

Respectfully submitted,

/s/ Lilli Evans Bass

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/s/ Jason W. Burge

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CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing with the Clerk of Court using the ECF system which sent notification of filing to all counsel of record.

In addition, I have separately emailed a copy of the foregoing to:

Andy Taggart
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andy@trglawyers.com

Counsel for Michael D. Billings and MDB Group, LLC

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Frank W. Trapp
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Counsel for William B. McHenry, Jr. and First South Investments, LLC

Date: November 13, 2018

/s/ Jason W. Burge

Admitted *pro hac vice*