

IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
JACKSON DIVISION

IN RE:

WILLIAM B. MCHENRY, JR.,  
  
Debtor.

CASE NO. 20-00268

Chapter 7

**RE-URGED MOTION FOR SANCTIONS  
FOR CONTEMPT OF COURT ORDER**

Alysson Mills, in her capacity as the court-appointed receiver for the estates of Arthur Lamar Adams and Madison Timber Properties, LLC (the “Receiver”), through undersigned counsel, respectfully re-urges her motion for sanctions against William B. McHenry, Jr. (“McHenry” or “Debtor”) for his failure to comply with this Court’s orders requiring him to disclose documents pertaining to his finances.

1.

On June 26, 2020, the Receiver filed a motion for contempt against McHenry for his failure to comply with this Court’s order requiring him to disclose documents pertaining to his finances.<sup>1</sup> The motion came before the Court for hearing on August 11, 2020.<sup>2</sup>

2.

The Court found that “the Receiver established a prima facie case that the Debtor violated the Court’s May 8, 2020 order compelling him to produce documents pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure and that the Debtor did not meet his burden of showing a

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<sup>1</sup> See Doc. 88.

<sup>2</sup> Doc. 91.

present inability to comply with the order. The Court finds the Debtor of contempt of this Court and its orders.”<sup>3</sup>

3.

The Court allowed McHenry to purge his contempt by producing to the Receiver within 14 days “complete responses to each of the Receiver’s requests.”<sup>4</sup> Otherwise, if McHenry failed to fully comply with the Court’s order, “the Court will require the Debtor to pay to the Receiver \$2000 in attorney’s fees and \$250 per day for each day until all documents requested have been produced.”<sup>5</sup>

4.

The Court’s order on the Receiver’s motion for sanctions attached a chart detailing the documents McHenry must produce.<sup>6</sup> Among other things, McHenry was required to “amend his bankruptcy schedules to accurately reflect the current status of his retirement or pension accounts”; to “produce to the Receiver evidence of the closure of any retirement or pension account that he has listed on his bankruptcy schedules”; to produce deposit and debit slips from April 19, 2018 until May 8, 2020 for each checking account used by him or in which he has any interest; to “produce to the Receiver all documents evidencing the source of deposits into his companies, including First South Investments, LLC”; to “produce evidence of any transaction in which he bought or sold property or equipment, including any evidence of any income received from the transactions”; to “produce all information regarding his insurance premiums and

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<sup>3</sup> Doc. 103.

<sup>4</sup> Doc. 103.

<sup>5</sup> Doc. 103.

<sup>6</sup> Doc. 103.

policies”;<sup>7</sup> and to produce “[d]ocumentary evidence of all assets owned by corporations, partnerships, or businesses in which McHenry has any interest”<sup>8</sup> and “[a]ll records identifying all other assets owned by McHenry.” McHenry has produced no such documents and did not amend his bankruptcy schedules.

5.

As evidenced in the Receiver’s motion for summary judgment filed in the adversary proceeding against McHenry,<sup>9</sup> McHenry has not produced “complete responses to each of the Receiver’s requests.”

6.

Because McHenry continues to evade his disclosure obligation, sanction is warranted.

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WHEREFORE, the Receiver therefore requests that the Court sanction McHenry as follows:

1. renewing its finding of McHenry in civil contempt;
2. requiring McHenry to pay the sanctions provided for in the Court’s previous order; and
3. awarding any and all other relief as may be just and equitable.

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<sup>7</sup> McHenry did not produce any insurance policies and admits that he did not even bother looking for the insurance policies after filing for bankruptcy. He now contends that he discovered in October of this year that certain insurance documents were thrown away because they were mildewed in the his safe. *See* Deposition of William B. McHenry, Jr., attached to the Receiver’s motion for summary judgment as Exhibit 14, at pp. 39–40.

<sup>8</sup> McHenry responded with a listing of his companies and their assets, including “various implements for land management” and “various farm equipment, tractors and implements located at [McHenry’s] farm and camp,” but produced no documents related to those assets. *See* “Response to Court Order” attached to the Receiver’s motion for summary judgment as Exhibit 15.

<sup>9</sup> Doc. 27, *Alysson Mills v. William B. McHenry, Jr.*, Adv. No. 20-00022-NPO (Bankr. S.D. Miss.). The Receiver incorporates herein the arguments made and evidence cited in her motion for summary judgment and her original motion for sanctions, Doc. 88.

December 7, 2020

Respectfully submitted,

*/s/ Lilli Evans Bass*

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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.

Date: December 7, 2020

*/s/ Kristen Amond*