

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

Alysson Mills, as Receiver for  
Arthur Lamar Adams and  
Madison Timber Properties, LLC

Plaintiff

vs.

No. 3:19-cv-00941-CWR-FKB

Trustmark National Bank,  
Bennie Butts, Jud Watkins,  
Southern Bancorp Bank,  
and Riverhills Bank

Defendants

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**Trustmark National Bank's Answer and Defenses**

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Defendant Trustmark National Bank ("Trustmark" or "Defendant" herein) sets forth its Answer and Defenses to the Plaintiff's Complaint as set forth below.

**First Defense**

Plaintiff lacks standing to assert the claims set forth in the Complaint. To the extent the Plaintiff asserts any claims based on losses incurred by investors, those losses did not injure the entities in receivership. Furthermore, to allow Plaintiff to proceed with prosecution of such claims would expose Defendant to the risk of multiple and inconsistent adjudications.

**Second Defense**

Mississippi's Wrongful Conduct Rule bars Plaintiff's claims.

**Third Defense**

The doctrines of *in pari delicto*, unclean hands, and illegality bar Plaintiff's claims.

**Fourth Defense**

The Complaint fails to state a claim upon which relief may be granted.

**Fifth Defense**

The Plaintiff stands in the shoes of Lamar Adams/Madison Timber. Plaintiff cannot assert any claim, under Mississippi law, unless Adams/Madison Timber could assert that claim. Defendants' rights and defenses against Adams/Madison Timber are equally valid against Plaintiff.

**Sixth Defense**

Plaintiff has failed to plead fraud with particularity as required by Fed. R. Civ. P. 9(b).

**Seventh Defense**

Plaintiff has failed to specifically state items of special damages as required by Fed. R. Civ. P. 9(g).

**Eighth Defense**

Plaintiff's Complaint references "assignments" of investor claims. The Complaint did not identify any facts supporting Plaintiff's right to pursue purportedly assigned claims. Defendant asserts every defense that may be available with respect to such purportedly assigned claims.

**Ninth Defense**

To the extent Plaintiff asserts claims that any Defendant had a duty to report suspicious activity to regulators or law enforcement authorities, development of those claims and defense of those claims would involve discovery, disclosure, and evidence regarding whether Defendant filed Suspicious Activity Reports pursuant to federal law. Defendant, however, is prohibited by federal law from disclosing information that would indicate whether Defendant filed such

reports, or the details of any such reports, if they were filed. Defendant – as it is required to do – asserts the privilege to refrain from disclosing such information. Therefore, Defendant is entitled to a presumption of compliance with law, and to immunity from any claims involving or related to financial institutions’ responsibilities related to monitoring customer account activity and reporting suspicious activity. Federal law should be recognized as preempting any claims that would require violation of the suspicious activity privilege in order to prove or defend those claims.

### **Tenth Defense**

The Complaint does not state a claim or set forth allegations of fact sufficient to support an award of punitive damages. Imposition of punitive damages against this Defendant would violate the due process clause and equal protection clause of the Fourteenth Amendment of the United States Constitution and Article III, § 14, and other provisions of the Mississippi Constitution. The absence of clearly defined, objective criteria addressing the awardability and amount of punitive damages which are capable of reasonable application precludes submission of punitive damages to the trier of fact. Mississippi’s system of awarding punitive damages is further invalidated by the potential for multiple punitive damages awards for the same conduct. The constitutional invalidity of Mississippi’s current punitive damages system denies parties such as this Defendant their rights to due process, equal protection, and access to the Courts. Defendant further asserts, with respect to punitive damages, that:

(a) Plaintiff’s claim for punitive damages cannot be sustained, because an award of punitive damages under Mississippi law, subject to no predetermined limit (such as a maximum multiple of compensatory damages or a maximum amount) on the amount of punitive damages

that a jury may impose would violate Defendant's due process rights guaranteed by the Fourteenth Amendment to the United States Constitution and by the aforesaid provisions of the Mississippi Constitution.

(b) Plaintiff's claim for punitive damages cannot be sustained, because an award of punitive damages under Mississippi law by a jury that effectively (1) is not provided a standard of sufficient clarity for determining the appropriateness, or the appropriate size, of a punitive damages award, (2) is not instructed on the limits on punitive damages imposed by the applicable principles of deterrence and punishment, (3) is not expressly prohibited from awarding punitive damages, in whole or in part, on the basis of invidiously discriminatory characteristics, including the corporate and financial status of Defendant, (4) is permitted to award punitive damages under a standard for determining liability for punitive damages that is vague and arbitrary and does not, in advance of Defendant's conduct, define with sufficient clarity the conduct or mental state that makes punitive damages permissible, and (5) is not subject to judicial review on the basis of objective standards, would violate Defendants' due process and equal protection rights guaranteed by the Fourteenth Amendment to the United States Constitution and the double jeopardy clause of the Fifth Amendment as incorporated into the Fourteenth Amendment and by the Mississippi constitutional provisions set forth above.

(c) Plaintiff's claim for punitive damages cannot be sustained to the extent it does not bear a reasonable relationship to compensatory damages.

(d) The Eighth Amendment to the United States Constitution, by proscribing excessive fines and cruel and unusual punishment, prohibits a punitive damages award such as the one sought by Plaintiff.

(e) Mississippi's system of awarding punitive damages violates the Constitutional guarantees against excessive fines and ex post facto laws.

**Eleventh Defense**

The economic loss rule bars Plaintiff's claims.

**Twelfth Defense**

"Madison Timber" was a sham entity, and the alter ego of Lamar Adams. Madison Timber's purported separate identity as a legal entity should be disregarded, and the Court should recognize that any act of Lamar Adams, and Lamar Adams' intent, scienter, knowledge, actions, and omissions, are attributed directly to Madison Timber, and to Plaintiff, and to the receivership estate.

**Thirteenth Defense**

Plaintiff's Complaint exceeds the proper bounds of an equity receivership, because Plaintiff has expanded litigation against third parties beyond the receivership's proper scope, i.e., the orderly collection of assets belonging to the entity in receivership.

**Fourteenth Defense**

The conduct of other parties and persons caused the losses that are the subjects of the Complaint. The criminal, or negligent, or otherwise wrongful conduct of other parties and persons was the sole proximate cause of such losses, or a contributing proximate cause of such losses, or a superseding and intervening cause of such losses. Other parties whose conduct must be taken into account in determining proximate cause and liability include but are not limited to persons against whom Plaintiff has asserted claims, as well as the investors who sustained losses, and law enforcement or regulatory authorities.

**Fifteenth Defense**

To the extent Plaintiff seeks to recover damages based on investor losses, those losses were caused by the investor's own negligence and lack of due diligence. Therefore, Plaintiff's claims are barred by contributory negligence, or must be reduced by comparative negligence.

**Sixteenth Defense**

Defendant is entitled to apportionment of damages to all parties and persons whose actions contributed to the losses that are the subject of Plaintiff's Complaint. Defendant asserts its rights under Miss. Code Ann. § 85-5-7.

**Seventeenth Defense**

Defendant is entitled to setoff of all recoveries by Plaintiff, from any source, including but not limited to any settlements and recoveries.

**Eighteenth Defense**

Plaintiff is judicially estopped from changing positions she has asserted in this litigation or other litigation or Court proceedings. Therefore, Plaintiff is bound by her allegations that parties and persons other than this Defendant caused the losses that are the subject of her Complaint.

**Nineteenth Defense**

Plaintiff, and the investors who sustained losses, failed to mitigate damages.

**Twentieth Defense**

Some or all of Plaintiff's claims are barred by the applicable statutes of limitations, including but not limited to Miss. Code Ann. § 15-1-49. Defendant asserts all of its defenses under Title 15 of the Mississippi Code, including but not limited to Miss. Code Ann. §§ 15-1-1,

15-1-3, 15-1-5, 15-1-29, 15-1-33, and 15-3-115. If and to the extent Plaintiff asserts any claims governed by the Mississippi Securities Act, Plaintiff's claims are barred by Miss. Code Ann. § 75-71-509(j). Plaintiff's claims are also barred by laches.

**Twenty-First Defense**

Defendant is entitled to contribution from any party or person who caused the losses that are the subject of Plaintiff's Complaint. Said right of contribution extends to Lamar Adams/Madison Timber, and therefore to the receivership estate, as well as any other persons found to have caused the losses.

**Twenty-Second Defense**

Plaintiff has asserted claims under the Mississippi Uniform Fraudulent Transfer Act, but Plaintiff has not identified any transfers that are allegedly within the coverage of that Act. Plaintiff has not pled any of the required elements of Miss. Code Ann. § 15-3-107 with respect to this Defendant. This Defendant asserts all defenses available under the Mississippi Uniform Fraudulent Transfer Act, including Defendant's providing of fair value for any transfers, and Defendant's good faith.

**Twenty-Third Defense**

Plaintiff's claims are barred by estoppel, equitable estoppel, and unjust enrichment.

**Twenty-Fourth Defense**

Plaintiff has improperly engaged in claim splitting, by filing multiple separate actions seeking to recover the same damages.

**Twenty-Fifth Defense**

Plaintiff has failed to join necessary and indispensable party plaintiffs. Plaintiff seeks to recover damages and assert claims for which Plaintiff is not the real party in interest.

**Twenty-Sixth Defense**

Lamar Adams defrauded Defendant, by falsely describing the nature of his business, and by falsely responding to inquiries about transactions in Madison Timber bank accounts. Plaintiff stands in the shoes of Adams, and Plaintiff's claims are barred by Adams's fraud.

**Twenty-Seventh Defense**

The investors in Madison Timber assumed the risk.

**Twenty-Eighth Defense**

The rights and duties of Adams/Madison Timber and Defendant were governed by written account agreements and ancillary documents. Defendant relied on the terms of those agreements, and on the promises and undertakings in those agreements, which define and limit the rights of Plaintiff in this action.

**Twenty-Ninth Defense**

Defendant asserts any and all additional defenses that may be available as facts are discovered and developed, including but not limited to accord and satisfaction, arbitration and award (including the availability of arbitration agreements with any purported assignors of claims, whose identities have not been disclosed by the Plaintiff), estoppel, failure of consideration, illegality, license, payment, release, res judicata, statute of frauds, merger, and waiver.

**Answer to Allegations of Complaint**

Defendant Trustmark National Bank sets forth its answers to the allegations in the Complaint as set forth below, paragraph by paragraph. The numbered paragraphs set forth below correspond to the numbered paragraphs in the Complaint.

A. Introduction: In response to the Introduction of the Complaint, Trustmark states as follows:

i. First unnumbered paragraph: Defendant admits, based on publicly available reports and court records and reports, that Lamar Adams operated a Ponzi scheme, using the name “Madison Timber,” which included false representations to investors that funds were invested in timber and that investors received payments based on proceeds from sale of timber; that investors received timber deeds that were falsified; and that money used to repay existing investors came, either solely or in part, from other investors. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

ii. Second unnumbered paragraph: Defendant lacks sufficient information to admit or deny the allegations in this paragraph, including the allegations in the footnote. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

iii. Third unnumbered paragraph: It is admitted that Trustmark is a financial institution. It is admitted that Trustmark provided banking services to Madison Timber (i.e., checking accounts and related services). The remaining allegations in this paragraph are denied.

1. Defendant does not object to venue. Defendant denies that the Court has subject-matter jurisdiction over some or all of the claims asserted by the Plaintiff, because she lacks standing. Defendant lacks sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). Defendant admits, however, that the Court has subject-matter jurisdiction over the separate receivership proceedings that are currently pending in this Court. See responses to paragraphs 2-5, below.

2. It is admitted that the S.E.C. filed the referenced case, No. 3:18-cv-252-CWR-FKB, and it is admitted that the quoted passage appears in the S.E.C.'s complaint in that action. Defendant lacks sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). In explanation, Defendant further states as follows: It is admitted that some courts have stated that, when receivers are appointed pursuant to federal law, the federal court in which the receivership proceeding is pending also has subject-matter jurisdiction over separate actions filed by the receiver, via "ancillary" jurisdiction. In this action, Defendant submits that the Plaintiff has exceeded the proper bounds of the receivership, by pursuing claims regarding which Plaintiff lacks standing, and that therefore, the Court lacks subject-matter jurisdiction over some or all of the claims in the Complaint. In light of the fact that "Madison Timber" was a sham entity, and the alter ego of Lamar Adams, which lacked any assets, Defendant does not admit that the receivership is proper.

3. It is admitted that in case No. 3:18-cv-252-CWR-FKB, the S.E.C. requested that the Court appoint a receiver for the estates of Adams and Madison Timber. Defendant lacks

sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). In explanation, Defendant further states as follows: It is admitted that some courts have stated that, when receivers are appointed pursuant to federal law, the federal court in which the receivership proceeding is pending also has subject-matter jurisdiction over separate actions filed by the receiver, via “ancillary” jurisdiction. In this action, Defendant submits that the Plaintiff has exceeded the proper bounds of the receivership, by pursuing claims regarding which Plaintiff lacks standing, and that therefore, the Court lacks subject-matter jurisdiction over some or all of the claims in the Complaint. Furthermore, it is not clearly established whether, or to what extent, appointment of a receiver creates federal court subject-matter jurisdiction over claims filed by the receiver.

4. It is admitted that the referenced order contains the quoted passage. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

5. It is admitted that Plaintiff Alysson Mills is the Court-appointed receiver for the estates of Adams and Madison Timber. It is admitted that Plaintiff stands in the shoes of Adams/Madison Timber. It is admitted that the quoted passage appears in the referenced case. It is denied that, in this action, the receiver seeks “to gather the entity’s assets;” rather, the Plaintiff’s Complaint and claims in this proceeding exceed that role, by asserting claims that are not properly owned by the entities in receivership. It is admitted that assets that are collected by the receiver are supposed to be distributed through a court-supervised process. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

6. It is admitted that the Court's referenced order appointing Plaintiff as receiver, p. 9, contains the quoted passage. It is admitted that the Court's order (referenced in footnote 6 of the Complaint) removed the requirement that the receiver obtain Court approval before filing suit. It is admitted that Madison Timber's debts are now the receivership estate's debts. The remaining allegations in this paragraph are denied.

7. It is admitted that Adams used the trade name "Madison Timber" to perpetrate the Ponzi scheme identified in the Complaint. Defendant further states that "Madison Timber" was an alter ego for Adams himself. The remaining allegations in this paragraph are denied.

8. It is denied that the Plaintiff has standing. Defendant lacks sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). Defendant further states that the Complaint does not identify any assignment, or assignor, or assigned claim with sufficient detail to state a claim upon which relief may be granted. Therefore, the Complaint fails to assert sufficient facts to support the allegation of standing.

9. Trustmark understands this paragraph to include a scrivener's error, since the named defendant is Trustmark National Bank, not Trustmark Corporation. Trustmark Corporation is not a defendant and would not be a proper defendant. With that understanding, it is admitted that Trustmark Corporation is a Mississippi corporation doing business in Mississippi. Defendant further states that Trustmark National Bank is a national banking association chartered by the United States, which does business in Mississippi.

10. The allegations in this paragraph are admitted.

11. It is admitted that Jud Watkins was employed by Trustmark National Bank during some of the time periods referenced in the Complaint. The remaining allegations in this paragraph are denied.

12. The allegations in this paragraph are admitted, with the qualification that Southern Bancorp Bank is a Mississippi bank, operating under a Charter of Incorporation granted by the State of Mississippi, which is treated as a “corporation” for most purposes.

13. The allegations in this paragraph are admitted, with the qualification that RiverHills Bank is a Mississippi bank, operating under a Charter of Incorporation granted by the State of Mississippi, which is treated as a “corporation” for most purposes.

14. Based on information and belief, the allegations in this paragraph are admitted. Defendant further states that “Madison Timber” was a sham entity, a trade name, and the alter ego of Lamar Adams.

15. Defendant admits, based on publicly available information, that some or all “investors” delivered to Adams large sums of money in reliance that “Madison Timber” would repay them principal plus interest. Defendant lacks sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

16. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

17. Based on publicly available information, it is admitted that this paragraph describes the practice of Lamar Adams in defrauding investors. Defendant lacks sufficient information to

form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

18. The allegations in this paragraph are admitted, based on publicly available information.

19. Based on information and belief, the allegations in this paragraph are admitted.

20. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

21. Based on publicly available information and belief, it is admitted that on or about April 19, 2018, after he became aware of investigations of him by the F.B.I. and the U.S. Attorney's Office for the Southern District of Mississippi, Adams turned himself in. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph, including the allegations in the footnote (which were disputed at the referenced hearing). Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

22. The allegations in this paragraph are admitted.

23. The allegations in this paragraph are admitted.

24. Defendant lacks sufficient information to admit or deny the allegations in this paragraph, in part because Defendant lacks detailed information regarding the individual investor transactions at issue, and in part because this paragraph of the Complaint is a legal question that is not readily answered. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

25. Based on publicly available information and belief, it is admitted that Adams, using the name Madison Timber, facilitated sales of promissory notes to investors through material

misstatements and omissions; employed a device, scheme, or artifice to defraud; and engaged in acts, practices, or courses of business that operated or would operate as a fraud or deceit.

Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

26. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

27. It is admitted that Adams opened accounts at Trustmark for Madison Timber Company and Madison Timber Properties in 2009 and 2012, respectively. It is admitted that Adams maintained personal bank accounts at Trustmark from 2009 until November of 2016. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

28. The allegations in this paragraph are denied.

29. It is admitted that the receiver made repeated requests for documents, and it is admitted that Trustmark made numerous productions of documents to the receiver. The remaining allegations in this paragraph are denied.

30. It is admitted that both Mr. Butts and Mr. Watkins were bankers who serviced Adams's accounts. Defendant is not aware of Plaintiff's intended meaning with respect to "primary bankers," and therefore Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

31. It is admitted that Mr. Butts and Mr. Watkins occasionally met with Adams for meals or drinks, and that Trustmark paid for some or all of those, and that they discussed both business and social interests. It is admitted that, on some occasions, Trustmark provided Adams with complimentary tickets to events as a business promotion. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

32. It is admitted that Adams (on behalf of the referenced limited liability companies in which he was involved) sought and obtained commercial real estate loans from Trustmark. It is admitted that in typical business parlance, those transactions can be described as deals. It is denied that Adams “rewarded” Butts and Watkins “with his business.” It is admitted that Rawlings & MacInnis provided the legal and title work for some or all of those entities’ purchases of land. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

33. It is admitted that Trustmark provided loan financing for commercial real estate transactions to the entities referenced in paragraph 32 of the Complaint. It is admitted that the quotes in this paragraph are portions of emails from Adams. It is admitted that Trustmark received benefit from making those commercial loans, in the form of interest or fees. Regarding the remaining allegations in this paragraph of the Complaint, including but not limited to allegations that Adams “drove” business to Trustmark, or that he “bragged” about his relationship with Trustmark, Defendant lacks sufficient information to admit or deny the allegations. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

34. It is admitted that the quotes in this paragraph are portions of emails from Adams and Butts. Defendant further states that Plaintiff has deliberately blurred a clear distinction between the commercial real estate loan transactions that gave rise to those emails, and the Madison Timber Ponzi scheme, which was unconnected to those commercial real estate transactions. Regarding the allegations that Adams “lavished praise,” Defendant lacks sufficient information to admit or deny the allegations. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

35. The allegations in this paragraph are admitted.

36. The allegations in this paragraph are denied.

37. The allegations in this paragraph are denied.

38. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

39. It is admitted that Madison Timber’s purported business included selling timber to lumber mills. It is admitted that some financial statements received from Adams did not show accounts receivables from lumber mills, and that in an email Adams explained the absence of such entries as follows: “Guys, [the accountant] doesn't include my Account Receivables from the Mills on my end of year Balance Sheet because of the different dates of the Contracts. Here is what the Mills owe me that is under Contract. These can go out to 48 months because we have that long to harvest the timber on the timber Deed. Or it could be done 3 months from now. All depends on market and Inventory.” It is admitted that, in the same email, Adams provided a spreadsheet titled “MTP\_Receivables” purporting to identify the referenced accounts receivable. Defendant lacks sufficient information to form a belief regarding the truth of the remaining

allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

40. It is admitted that, on occasions, Adams made large cash deposits. Defendant lacks sufficient information to admit or deny the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

41. It is admitted that Madison Timber's account was sometimes overdrawn by large amounts. It is admitted that the stated overdraft amounts on August 4, 2016 and August 18, 2016 are accurate. It is denied that the stated overdraft amount on September 2, 2016 is accurate (the Complaint references the amount of exception items on that date). It is admitted that Trustmark frequently waived overdraft fees. It is denied that "any other customer" would have paid fees for the overdrafts; overdraft fees are frequently waived, or reduced, or negotiated. It is admitted that the quoted passage is contained in an email from Mr. Watkins (although the Complaint does not quote the entire email). It is denied that the email reflects that Mr. Watkins was "defending" the overdrafts, or that he was "turning cause for alarm into a business opportunity." Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

42. It is admitted that the quoted passages are contained in emails from Butts and another Trustmark employee. Defendant further states that "floating" does not indicate the existence of a Ponzi scheme. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). Defendant asserts the privilege referenced in its Ninth Defense with respect to whether its employees concluded the activity was "suspicious."

43. It is admitted that by June 2014, the Madison Timber account had come to the attention of Ms. Moncrief. Defendant asserts the privilege referenced in its Ninth Defense with respect to whether its employees concluded the activity was “suspicious.” The remaining allegations in this paragraph of the Complaint are admitted, except it is denied that the quotation is accurate (Ms. Moncrief’s email stated “I understand” rather than “I know”), or complete.

44. It is admitted that Mr. Butts told Ms. Moncrief that he would communicate with Adams about the issues raised by Ms. Moncrief. It is admitted that Mr. Butts shared Ms. Moncrief’s contact information with Adams, so that Adams could communicate directly with Ms. Moncrief. It is admitted that the quoted passage in this paragraph of the Complaint is contained in an email from Mr. Butts to Mr. Watkins. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

45. The allegations in this paragraph are admitted, although the quoted passage does not set forth the entirety of the email.

46. It is admitted that Mr. Butts forwarded Ms. Moncrief’s email to Lamar Adams to obtain answers to Ms. Moncrief’s questions. It is admitted that Mr. Butts sent the email to Lamar Adams as stated in this paragraph of the Complaint. It is admitted that Butts and Adams met for lunch, and that Adams thereafter provided answers to the questions posed by Ms. Moncrief. It is admitted that Ms. Moncrief asked another employee to obtain from Mr. Adams a copy of one of the promissory notes used when people invested in timber, and it is admitted that Adams provided the requested document. It is admitted that Adams sent an email to that other

employee with the “BTW” passage as stated in this paragraph. The remaining allegations in this paragraph are denied.

47. The allegations in this paragraph are admitted.

48. Defendant lacks sufficient information to admit or deny the allegations in this paragraph stating that Ms. Moncrief “zeroed in” on one aspect of the account. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). The remaining allegations in this paragraph are admitted.

49. It is admitted that the passages in this paragraph are partial quotes of emails between Ms. Moncrief and Adams. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

50. The allegations in this paragraph are admitted, except that Mr. Channell notified Adams specifically that the accounts would be closed on November 7, 2016, rather than stating Adams would have “at least 30 days” to close accounts.

51. It is admitted that Mr. Butts referred to Trustmark’s termination of its banking business with Adams as “the biggest disappointment in my Trustmark career.” It is admitted that Mr. Butts stated, in an email to Mr. Channell, “If Lamar has done wrong I understand he is accountable, and the Bank has the right to ask him to close his deposit accounts. However, based on what I know (and I do appreciate I might not know everything you do) I think Lamar should have a chance to explain.” The remaining allegations in this paragraph are denied.

52. The allegations in this paragraph are admitted.

53. The allegations in this paragraph are denied.

54. Based on publicly available information, it is admitted that Adams had given investors pre-dated checks written on Madison Timber's account at Trustmark. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

55. It is admitted that Adams deposited investors' money into the account and made monthly payments to investors out of the account for years. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

56. The allegations in this paragraph are denied.

57. The allegations in this paragraph are denied.

58. The allegations in this paragraph are denied.

59. It is admitted that, at some point, Defendant knew that Adams explained the business of Madison Timber as including purchasing timber with investor funds, and timber deeds, and cutting agreements between landowners and Madison Timber and contracts between Madison Timber and mills. It is admitted that Defendant "knew its customers," but it is denied that Defendant knew Adams/Madison Timber was engaged in illegal conduct. The remaining allegations in this paragraph are denied.

60. The allegations in this paragraph are denied.

61. The allegations in this paragraph are denied as stated. However, Defendant admits that, during the course of investigation by AML-BSA personnel in 2015, Adams reported that the amounts of payments to investors were based on the profit of individual tracts of timber, and

Adams explained that the typical profit was 12-13%, and Adams provided a copy of a form promissory note with a 12% rate of return.

62. The allegations in this paragraph are denied.

63. It is admitted that Defendant is subject to federal laws that require reporting of certain suspicious activities. It is denied that this paragraph in the Complaint is an accurate, adequate, or complete description of those requirements. It is admitted that Adams's account activities came to Defendant's attention as early as 2013. Defendant asserts the privilege referenced in its Ninth Defense with respect to whether its employees concluded the activity was "suspicious." The remaining allegations in this paragraph are denied.

64. The allegations in this paragraph are denied.

65. The allegations in this paragraph are denied.

66. The allegations in this paragraph are admitted, based on information and belief.

67. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

68. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

69. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

70. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

71. Based on publicly available information, it is admitted that FNBC entered a settlement agreement with the receiver. Defendant lacks sufficient information to form a belief

regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

72. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

73. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

74. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

75. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

76. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

77. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

78. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

79. It is admitted that Mr. Watkins was one of the Trustmark employees who had participated in providing banking services to Adams, and it is admitted that Mr. Watkins had left Trustmark and had begun working at RiverHills by October 2016. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

80. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

81. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

82. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

83. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

84. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

85. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

86. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

87. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

88. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

89. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

90. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

91. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

92. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

93. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

94. It is admitted that the bank defendants are subject to federal laws that require reporting of certain suspicious activities. It is denied that this paragraph in the Complaint is an accurate, adequate, or complete description of those requirements. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

95. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

96. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

97. Defendant incorporates its responses set forth above.

98. It is admitted that the referenced court opinion contains the quoted passage. It is denied that the quoted passage completely or adequately summarizes Mississippi law with respect to civil conspiracy claims.

99. The allegations in this paragraph are denied.

100. It is admitted, based on information and belief, and based on information currently available to Defendant, that Madison Timber was, in whole or in part, a “Ponzi scheme.” The remaining allegations in this paragraph are denied.

101. The allegations in this paragraph are denied.

102. The allegations in this paragraph are denied.

103. The allegations in this paragraph are denied.

104. The allegations in this paragraph are denied.

105. It is admitted that, in effect, “Madison Timber’s debts are now the Receivership Estate’s” debts. The remaining allegations in this paragraph are denied.

106. The allegations in this paragraph are denied.

107. The allegations in this paragraph are denied.

108. Defendant incorporates its responses set forth above.

109. It is admitted that the referenced book section contains the words stated in this paragraph of the Complaint. It is denied that the referenced book section has any application to this case. The remaining allegations in this paragraph are denied.

110. The allegations in this paragraph are denied.

111. It is admitted that the referenced code section sets forth some of the legal duties of a manager of a limited liability company. It is denied that the referenced code section has any application to this case. It is admitted, based on information and belief, that Adams used his alter-ego shell entity, Madison Timber, to commit fraud. Defendant further notes, on information and belief, that Adams was the sole member and owner of the referenced alter-ego limited liability company. The remaining allegations in this paragraph are denied.

112. The allegations in this paragraph are denied.

113. The allegations in this paragraph are denied.

114. The allegations in this paragraph are denied.

115. The allegations in this paragraph are denied.

116. It is admitted that, in effect, “Madison Timber’s debts are now the Receivership Estate’s” debts. The remaining allegations in this paragraph are denied.

117. The allegations in this paragraph are denied.

118. The allegations in this paragraph are denied.

119. Defendant incorporates its responses set forth above.

120. It is admitted that the quoted court opinion contains the words set forth in this paragraph of the Complaint. It is denied that this paragraph adequately sets forth a rule of law or the definition of negligence for purposes of this lawsuit.

121. It is admitted that the quoted court opinion contains the words set forth in this paragraph of the Complaint. It is denied that this paragraph adequately sets forth a rule of law or the definition of recklessness for purposes of this lawsuit.

122. The allegations in this paragraph are denied.

123. The allegations in this paragraph are denied.

124. The allegations in this paragraph are denied.

125. Defendant lacks sufficient information to admit or deny the allegation that “Madison Timber grew from an approximately \$10 million-a-year Ponzi scheme in 2011 to an approximately \$164.5 million-a-year Ponzi scheme as of April 19, 2018.” That allegation is

therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). The remaining allegations in this paragraph are denied.

126. The allegations in this paragraph are denied.

127. It is admitted that, in effect, “Madison Timber’s debts are now the Receivership Estate’s” debts. The remaining allegations in this paragraph are denied.

128. The allegations in this paragraph are denied.

129. The allegations in this paragraph are denied.

130. Defendant incorporates its responses set forth above.

131. It is admitted that the quoted court opinion contains the words set forth in this paragraph of the Complaint. It is denied that this paragraph adequately sets forth a rule of law or the definition of negligent hiring or retention for purposes of this lawsuit.

132. The allegations in this paragraph are denied.

133. The allegations in this paragraph are denied. Defendant further states that it is denied that Trustmark’s agents were incompetent or unfit, and it is therefore denied that Trustmark “knew or should have known” of any alleged incompetence or unfitness.

134. The allegations in this paragraph are denied.

135. Defendant lacks sufficient information to admit or deny the allegation that “Madison Timber grew from an approximately \$10 million-a-year Ponzi scheme in 2011 to an approximately \$164.5 million-a-year Ponzi scheme as of April 19, 2018.” That allegation is therefore denied pursuant to Fed. R. Civ. P. 8(b)(5). The remaining allegations in this paragraph are denied.

136. The allegations in this paragraph are denied.

137. It is admitted that, in effect, “Madison Timber’s debts are now the Receivership Estate’s” debts. It is denied that the claims asserted in this lawsuit are claims that are owned by the Receivership Estate. The remaining allegations in this paragraph are denied.

138. The allegations in this paragraph are denied.

139. The allegations in this paragraph are denied.

140. Defendant incorporates its responses set forth above.

141. The allegations of this paragraph of the Complaint are denied as stated. This paragraph of the Complaint does not adequately or completely set forth the terms or requirements for a plaintiff to recover money or assets under the referenced Act.

142. It is admitted that Madison Timber was, in whole or in part, a Ponzi scheme. It is denied that this paragraph of the Complaint adequately or completely sets forth the terms or requirements of the referenced Act. It is denied that this Defendant received any transfers that may be recovered by the Plaintiff under the Mississippi Uniform Fraudulent Transfer Act; the Complaint identifies no such transfers. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

143. Defendant lacks sufficient information to admit or deny the allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

144. It is admitted that “the perpetuation of a Ponzi scheme is not legitimate value.” Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

145. The allegations in this paragraph are denied.

146. Defendant incorporates its responses set forth above.

147. It is admitted that this paragraph of the Complaint accurately quotes the words of the referenced statute. It is denied that this paragraph of the Complaint adequately sets forth the substance of the referenced act.

148. It is admitted that this paragraph of the Complaint accurately quotes words of the referenced statutes. It is denied that this paragraph of the Complaint adequately sets forth the substance of the referenced statutes or act. Defendant lacks sufficient information to form a belief regarding the truth of the remaining allegations in this paragraph. Those allegations are therefore denied pursuant to Fed. R. Civ. P. 8(b)(5).

149. It is admitted that this paragraph of the Complaint accurately quotes words of the referenced statutes. The remaining allegations in this paragraph are denied.

150. The allegations in this paragraph are denied.

151. The allegations in this paragraph are denied.

152. The allegations in this paragraph are denied.

153. The allegations in this paragraph are denied.

154. The allegations in this paragraph are denied.

155. The allegations in this paragraph are denied.

Trustmark denies every allegation in the prayer for relief section of the Complaint, including every allegation in the numbered sub-paragraphs. Trustmark denies that the Plaintiff is entitled to any damages, or any relief or judgment whatsoever.

Every allegation in the Complaint that is not specifically and expressly admitted in this Answer is hereby denied.

WHEREFORE, premises considered, the Complaint should be dismissed in its entirety, with prejudice. Plaintiff should bear all costs, fees and expenses.

Respectfully submitted, this the 31st day of March, 2021.

TRUSTMARK NATIONAL BANK

By: /s/William F. Ray  
William F. Ray

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Certificate of Service

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

This the 31st day of March, 2021.

/s/William F. Ray  
William F. Ray