

**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,

v.

BUTLER SNOW LLP; BUTLER SNOW
ADVISORY SERVICES, LLC; MATT
THORNTON; BAKER, DONELSON,
BEARMAN, CALDWELL & BERKOWITZ
PC; ALEXANDER SEAWRIGHT, LLC;
BRENT ALEXANDER; and JON
SEAWRIGHT,

Defendants.

Case No. 3:18-cv-00866-CWR-FKB

Hon. Carlton W. Reeves

**ANSWER AND AFFIRMATIVE DEFENSES OF BAKER, DONELSON,
BEARMAN, CALDWELL & BERKOWITZ PC TO THE RECEIVER'S
AMENDED COMPLAINT**

Baker, Donelson, Bearman, Caldwell & Berkowitz P.C. (“Baker Donelson”) states the following as its Answer and Affirmative Defenses in response to the Amended Complaint of Plaintiff Alysson Mills, in her capacity as Receiver for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (“Madison Timber”).

PRELIMINARY STATEMENT

Adams is a convicted felon and a fraudster. Madison Timber was his Ponzi scheme. At his sentencing, Adams testified that he – and he alone – knew that Madison Timber was a fraud. He lied to his friends, his business associates, and his investors. For purposes of this lawsuit, the Receiver stands in his shoes and in those of his fraudulent company. Adams and Madison Timber owe certain payments on promissory notes to their lenders and investors. But Adams and Madison Timber (and thus the Receiver) are owed nothing – they cannot claim to be harmed by the fraud they perpetrated. Regardless, the Receiver now seeks to blame their fraud on others and to recover the debts that Adams and Madison Timber owe to investors from third parties. She has sued banks, law firms, and individuals who were duped by Adams and never knew of his fraudulent scheme. But her claims against Baker Donelson reach even further than most. Adams and Madison Timber were not clients of the firm. Baker Donelson did not invest in Madison Timber. And Baker Donelson never profited or stood to profit from the scheme – not by a single penny.

The Receiver’s sole basis for suing Baker Donelson is that two individuals who worked at the law firm, Brent Alexander and Jon Seawright, also operated an unaffiliated personal LLC named Alexander Seawright Timber Fund I, LLC, which lent its members’ funds to Madison Timber. Baker Donelson did not represent, own or control this LLC. Baker Donelson was not a member of this LLC. Nor did the firm profit from this LLC. Baker Donelson is not in the investment business, much less the timber business. Alexander and Seawright operated their

LLC separately from the business of the law firm. Alexander and Seawright operated their LLC for their own profit and for their own personal interests, not for Baker Donelson's. Employers are not responsible for the conduct of their employees outside the scope of their employment. Whatever the Receiver's claims against Alexander or Seawright may be – and the Receiver does not allege that they knew Madison Timber was fraudulent – there is no basis to hold Baker Donelson liable, vicariously or otherwise.

To support her case, the Receiver has not proceeded with conservatism and certainty, but rather with speculation and suggestion. She has speculated in her briefing that Alexander and Seawright used Baker Donelson's escrow account in connection with Alexander Seawright Timber Fund I, LLC. That is false. She has speculated that "numerous" Baker Donelson employees worked with Adams on Madison Timber. That is false. She has intimated that Baker Donelson knew that Adams was defrauding his investors and "allowed" the scheme to continue. That, too, is false.

The Receiver also seeks to recover grossly inflated sums. In her Amended Complaint, the Receiver alleged the debts to Adams's investors exceed \$85 million. By the time she made her first distribution, she conceded that the actual net losses to those investors is closer to \$48.6 million. And she calculated that the net loss of investors' principal attributable to Alexander Seawright Timber Fund I, LLC was less than \$470,000 – in other words, *less than 1%* of the total owed by the Receivership Estate to Adams's victims.¹

The Receiver's claims against Baker Donelson are without merit, and the firm is confident the evidence will show her allegations are untrue.

¹ See Receiver's Response to Objections, ECF No. 281, *SEC v. Adams*, Case No. 3:18-cv-252 (S.D. Miss.) (stating that \$168,853.51 represents 36% of the net principal owed through Alexander Seawright, LLC).

FIRST DEFENSE

The Court lacks subject matter jurisdiction because the Receiver lacks standing to pursue claims to recover the Receivership Estate's debts to third-party investors.

SECOND DEFENSE

The Amended Complaint fails to state a claim against Baker Donelson for which relief can be granted. Baker Donelson incorporates herein by reference all briefing and other papers in support of all of its dispositive motions.

THIRD DEFENSE: ANSWER

Without waiving the above defenses, Baker Donelson answers the allegations of the Amended Complaint below. Baker Donelson adopts the paragraph numbering of the Receiver's Amended Complaint. The Receiver's section headings are repeated in bold italics. Any allegation in the Amended Complaint not explicitly responded to in this Answer is denied. For convenience, Baker Donelson may answer several consecutive paragraphs of the Amended Complaint with a single response, identifying the paragraphs to which the response is directed. To the extent the allegations in the Amended Complaint are directed at multiple Defendants, Baker Donelson answers the allegations only on behalf of itself.

Introduction

The unnumbered paragraphs in the section of the Amended Complaint titled "Introduction" do not purport to be allegations of fact that require a response. If a response is required, Baker Donelson denies the allegations in those paragraphs except to state as follows: Baker Donelson admits, based on information and belief, that Adams operated a Ponzi scheme through Madison Timber that defrauded hundreds of investors. Baker Donelson admits, based on information and belief, that investors believed that Madison Timber used their money to purchase timber from landowners, sold the timber to lumber mills at a higher price, and repaid

investors their principal plus interest with the proceeds of those sales. Baker Donelson affirmatively states that it had no knowledge of Adams's fraudulent conduct, never profited or stood to profit from the Ponzi scheme, and never authorized or endorsed any conduct in furtherance of the Ponzi scheme.

Jurisdiction and Venue

1. This paragraph asserts legal conclusions to which no response is required. To the extent a response is required, Baker Donelson states that the Court lacks jurisdiction over this action because the Receiver lacks standing to bring her claims.

2. Baker Donelson admits that this action is related to a civil action pending before the Court styled *Securities & Exchange Commission v. Arthur Lamar Adams and Madison Timber Properties, LLC*, Case No. 3:18-cv-252-CWR-FKB. The pleadings filed in that action speak for themselves.

3. The documents filed in the S.E.C. action speak for themselves. The remaining allegations in this paragraph assert legal conclusions to which no response is required. To the extent a response is required, Baker Donelson states that this Court lacks jurisdiction over the claims asserted against it in the Amended Complaint.

4. The order referenced in this paragraph speaks for itself. To the extent the remaining allegations in this paragraph assert legal conclusions, no response is required. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

Parties

5. Baker Donelson admits that Plaintiff Alysson Mills is the Court-appointed Receiver for the estates of Adams and Madison Timber. Baker Donelson denies the remaining allegations in this paragraph to the extent they are inconsistent with the Court's order of

appointment, which speaks for itself. To the extent the remaining allegations in this paragraph assert legal conclusions, no response is required.

6. The Court's order of appointment speaks for itself. Baker Donelson denies that the Receiver has standing to pursue the claims against it. To the extent the remaining allegations in this paragraph assert legal conclusions, no response is required.

7. Baker Donelson admits, based on information and belief, that Adams misused Madison Timber to operate a Ponzi scheme. Baker Donelson denies that it in any way assisted or conspired with Adams in furthering any unlawful conduct or Ponzi scheme. Baker Donelson denies that the Receiver has standing to pursue the claims against it. To the extent the remaining allegations in this paragraph assert legal conclusions, no response is required.

8. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in the first sentence of this paragraph and, on that basis, denies them. The Amended Complaint does not identify any assignors or offer a single allegation about their allegedly assigned claims. Baker Donelson denies that the Receiver has standing to pursue claims against it as the holder of unspecified assignments executed by unnamed investors. To the extent the remaining allegations in this paragraph assert legal conclusions, no response is required.

9. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

10. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

11. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

12. Admitted.

13. Admitted.

14. Baker Donelson admits that Brent Alexander is an adult resident of Jackson, Mississippi. Baker Donelson admits that Brent Alexander previously worked as a public policy advisor for Baker Donelson, but denies that he is currently employed by Baker Donelson. Baker Donelson admits that Brent Alexander and Jon Seawright are the owners of Alexander Seawright, LLC.

15. Baker Donelson admits that Jon Seawright is an adult resident of Jackson, Mississippi. Baker Donelson admits that Jon Seawright was previously a member of its Board of Directors and a shareholder, but denies that he is either currently; he is on a leave of absence from the firm. Baker Donelson admits that Jon Seawright and Brent Alexander are the owners of Alexander Seawright, LLC.

Adams and Madison Timber

16. Baker Donelson admits, based on information and belief, that Adams, through Madison Timber, operated a Ponzi scheme that purported to purchase timber from landowners and resell it to lumber mills at higher prices. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

17. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

18. Baker Donelson admits, based on information and belief, that Alexander and Seawright believed Madison Timber would use investors' money to acquire timber deeds and cutting agreements; that Madison Timber would sell the timber to lumber mills at a higher price; and that Madison Timber would use proceeds of those sales to repay investors their principal

plus interest. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

19. Baker Donelson admits, based on information and belief, the allegations in this paragraph.

20. Baker Donelson admits, based on information and belief, that Adams falsified timber deeds and cutting agreements. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

21. Baker Donelson denies that it was a recruiter and denies that it attracted investors for Madison Timber or otherwise assisted Adams in furthering any unlawful conduct or Ponzi scheme. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

22. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

23. Baker Donelson admits, based on information and belief, that Adams turned himself into authorities on or about April 19, 2018. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

24. Admitted.

25. Baker Donelson admits that the S.E.C. filed an action against Adams. The pleadings filed in that action speak for themselves.

26. This paragraph asserts legal conclusions to which no response is required.

27. The filings referenced in this paragraph speak for themselves. To the extent the allegations in this paragraph assert legal conclusions, no response is required. To the extent the

allegations in this paragraph are directed at Baker Donelson, Baker Donelson denies them. To the extent the allegations in this paragraph are directed at other defendants, Baker Donelson lacks knowledge or information to form a belief about their veracity and, on that basis, denies them.

28. This paragraph asserts legal conclusions to which no response is required.

Butler Snow

29. – 70. The allegations in paragraphs 29 through 70 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 29 through 70 and, on that basis, denies them.

Baker Donelson

71. Denied.

72. Baker Donelson admits that Brent Alexander and Jon Seawright worked, respectively, as a lobbyist and lawyer at Baker Donelson's Jackson office in 2011; and, based on information and belief, Alexander and Seawright were exploring investment opportunities. Baker Donelson states that their pursuit of those investment opportunities was outside the scope of their employment at the law firm. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

73. Baker Donelson admits, based on information and belief, that Alexander and Seawright became acquainted with Adams, but denies that a partnership formed. Baker Donelson admits, based on information and belief, that Alexander Seawright, LLC created Alexander Seawright Timber Fund I, LLC, which loaned money to Madison Timber. To the extent this paragraph purports to quote a written document, the document speaks for itself.

Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

74. Baker Donelson denies that Alexander and Seawright pitched the first investment of Alexander Seawright Timber Fund I, LLC in Madison Timber to a client of Baker Donelson. Baker Donelson denies that Alexander and Seawright used Baker Donelson's escrow account to facilitate loans to Madison Timber. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

75. Baker Donelson admits, based on information and belief, that Madison Timber paid Alexander Seawright, LLC fees, which Adams sometimes referred to as "birddog fees." To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

76. Baker Donelson admits, based on information and belief, that Madison Timber paid Alexander Seawright, LLC fees. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

77. Baker Donelson admits, based on information and belief, that Alexander Seawright, LLC prepared subscription agreements and accompanying documents for the loans to Madison Timber from Alexander Seawright Timber Fund I, LLC, which was initially called Alewright Investments, LLC. Baker Donelson admits, based on information and belief, that Alexander Seawright, LLC coordinated loans from Alexander Seawright Timber Fund I, LLC, of which Alexander Seawright, LLC was a member, to Madison Timber. Baker Donelson admits,

based on information and belief, that Madison Timber paid Alexander Seawright, LLC fees in exchange for its work coordinating the loans. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

78. Baker Donelson denies that Alexander and Seawright pitched their fund to “Baker Donelson clients, as an exclusive ‘friends and family’ fund.” Baker Donelson denies that many of the attorneys at Baker Donelson invested in the fund. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

79. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them. To the extent this paragraph purports to quote written documents, the documents speak for themselves.

80. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them. To the extent this paragraph purports to quote a text message or written document, such writings speak for themselves.

81. Baker Donelson denies that Alexander and Seawright targeted clients for whom Baker Donelson had recently closed transactions. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

82. Baker Donelson denies that Alexander and Seawright did not operate their fund separately from the business of the law firm. Baker Donelson lacks sufficient knowledge or

information to form a belief about the allegations regarding what “[i]nvestors reasonably believed” and, on that basis, denies them. Baker Donelson affirmatively states that it did not authorize, endorse, or in any way benefit from the coordination of loans by anyone, including Alexander and Seawright, to Madison Timber.

83. Denied.

84. Baker Donelson admits that it is a law firm, not an investment advisory firm. Baker Donelson denies the allegations in this paragraph to the extent they are based on misleading partial quotations from its website, as Baker Donelson pointed out in both its motion to dismiss the Receiver’s original Complaint and motion to dismiss the Receiver’s Amended Complaint. *See* ECF No. 29 at 6–7; ECF No. 60 at 12–13. Baker Donelson refers to its website for a full statement of its contents at any particular time. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

85. Denied.

86. Denied.

87. Denied.

88. Baker Donelson admits, based on information and belief, that Alexander and Seawright discussed the Alexander Seawright Timber Fund I, LLC with Baker Donelson colleagues. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

89. Denied.

90. Denied.

91. Baker Donelson denies that “numerous of its employees had contact with Adams for the purpose of finalizing investments in Madison Timber” and denies that the firm has compiled records showing that to be the case. Baker Donelson admits that it did not produce documents in response to the Receiver’s “request,” which was served on Baker Donelson in direct violation of the discovery stay imposed by the Magistrate Judge’s Order of Feb. 4, 2019 and Local Rule 16(b)(3)(B). After receiving the improper discovery request, Baker Donelson informed the Receiver’s counsel of their evident error and heard nothing further.

92. Baker Donelson denies that it backed, authorized, endorsed, or in any way benefited from the coordination of loans by Alexander and Seawright to Madison Timber. Baker Donelson admits, based on information and belief, that Alexander and Seawright asked Adams about potential risks to the timber in the event of natural disasters, and they received assurances from Adams that all tracts were covered by an umbrella insurance policy. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

93. Baker Donelson admits, based on information and belief, that Alexander and Seawright distributed “Equity Term Sheets” that described the terms of loans to be made from Alexander Seawright Timber Fund I, LLC to Madison Timber. To the extent this paragraph purports to quote an Equity Term Sheet, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

94. Baker Donelson admits, based on information and belief, that Alexander and Seawright prepared a loan closing checklist, which speaks for itself. Baker Donelson lacks

sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

95. Baker Donelson admits, based on information and belief, that Alexander and Seawright inspected tracts of land that were the subjects of the property deeds. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

96. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

97. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

98. This paragraph asserts legal conclusions to which no response is required. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

99. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

100. Baker Donelson denies the allegations in this paragraph against it except to admit that no one acting within the scope of their employment at Baker Donelson conducted an inspection of Madison Timber's operations. Baker Donelson does not supervise its employees' personal business, and the Alexander Seawright Timber Fund I, LLC was just that: Alexander's and Seawright's personal business.

101. Baker Donelson denies the allegations in this paragraph against it except to admit that no one acting within the scope of their employment at Baker Donelson independently confirmed that the timber and rights in question were real. Baker Donelson does not supervise its employees' personal business.

102. Baker Donelson admits, based on information and belief, that Adams falsified timber deeds and cutting agreements between landowners and Madison Timber. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson called a landowner or checked a tract's title. Baker Donelson does not supervise its employees' personal business. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

103. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson called a mill. Baker Donelson does not supervise its employees' personal business. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

104. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson evaluated the investment's risks. Baker Donelson does not supervise its employees' personal business. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

105. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them. Baker Donelson

affirmatively states that it did not authorize, endorse, or in any way benefit from the coordination of loans by anyone, including Alexander and Seawright, to Madison Timber.

106. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson evaluated the investment in Madison Timber. Baker Donelson does not supervise its employees' personal business. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

107. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson verified this information. Baker Donelson does not supervise its employees' personal business. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

108. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

109. Baker Donelson admits, based on information and belief, that Alexander and Seawright occasionally used Baker Donelson's office for business related to Alexander Seawright Timber Fund I, LLC. Baker Donelson states, based on information and belief, that Alexander Seawright Timber Fund II, LLC never started operations, never accepted any members other than Alexander Seawright, LLC, and never participated in any loans to Madison Timber. To the extent this paragraph purports to quote a written document, the document speaks

for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

110. Baker Donelson admits, based on information and belief, that Alexander and Seawright formed Alexander Seawright Timber Fund II, LLC for their own personal benefit and compiled information regarding their proposal for this LLC to share with potential investors; those documents speak for themselves. Baker Donelson denies that it authorized, endorsed, or in any way benefited from Alexander Seawright Timber Fund II, LLC.

111. Baker Donelson admits, based on information and belief, that Alexander and Seawright compiled information regarding their proposal for Alexander Seawright Timber Fund II, LLC to share with potential investors. That document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

112. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

113. To the extent this paragraph purports to quote written documents, the documents speak for themselves. Baker Donelson denies, based on information and belief, that Alexander and Seawright did not stand to lose money in Alexander Seawright Timber Fund I, LLC. Baker Donelson denies, based on information and belief, that Alexander and Seawright would not have stood to lose money in Alexander Seawright Timber Fund II, LLC had it begun operations. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

114. Baker Donelson admits that no one acting within the scope of their employment at Baker Donelson evaluated Alexander Seawright Timber Fund I, LLC, Alexander Seawright Timber Fund II, LLC, or Madison Timber. Baker Donelson does not supervise its employees' personal business. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

115. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson otherwise lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them.

116. Baker Donelson admits, based on information and belief, that Alexander and Seawright identified an initial key investor for Alexander Seawright Timber Fund II, LLC, but that the investment was never made. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

117. Baker Donelson denies that the key investor for Alexander Seawright Timber Fund II, LLC was a Baker Donelson client. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

118. Baker Donelson admits, based on information and belief, that Alexander and Seawright opened a bank account for Alexander Seawright Timber Fund II, LLC. To the extent this paragraph purports to quote a written document, the document speaks for itself.

119. Baker Donelson admits, based on information and belief, that Adams turned himself into authorities before Alexander Seawright Timber Fund II, LLC began operations. To the extent this paragraph purports to quote a written document, the document speaks for itself. Baker Donelson lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

120. Baker Donelson admits that it employed Alexander and Seawright at the time the Amended Complaint was filed, but denies that it continues to employ Alexander and states that Seawright is no longer a shareholder, is on a leave of absence, and is not currently practicing law.

121. Baker Donelson admits that Seawright filed a petition for bankruptcy under Chapter 7 of the United States Bankruptcy Code on November 3, 2019. The filings in those bankruptcy proceedings speak for themselves.

122. Admitted.

Causes of Action

Count I

For Civil Conspiracy

Against All Defendants

123. Baker Donelson repeats its responses to the foregoing paragraphs, as if fully set forth herein.

124. This paragraph asserts legal conclusions to which no response is required.

125. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

126. Denied.

127. Baker Donelson admits that Madison Timber was a Ponzi scheme. Baker Donelson denies that it acted with an unlawful purpose at any time. Baker Donelson denies that it in any way assisted Adams or Madison Timber in furthering any unlawful conduct or Ponzi scheme.

128. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

129. Denied.

130. To the extent this paragraph asserts legal conclusions, no response is required. To the extent this paragraph purports to quote written documents, the documents speak for themselves. Baker Donelson otherwise denies the allegations against it in this paragraph.

131. Denied.

132. Baker Donelson denies that it was confronted with any red flags and denies the allegations against it in the first two sentences of this paragraph. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegation in the third sentence of this paragraph and, on that basis, denies it.

133. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

134. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

135. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

136. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

Count II

For Aiding and Abetting

Against All Defendants

137. Baker Donelson repeats its responses to the foregoing paragraphs, as if fully set forth herein.

138. This paragraph asserts legal conclusions to which no response is required.

139. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

140. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

141. To the extent this paragraph asserts legal conclusions, no response is required. To the extent this paragraph purports to quote written documents, the documents speak for themselves. Baker Donelson otherwise denies the allegations against it in this paragraph.

142. Denied. Baker Donelson affirmatively states that it did not make any representations about Madison Timber.

143. Baker Donelson denies the allegations against it in the first three sentences of this paragraph. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegation in the fourth sentence of this paragraph and, on that basis, denies it.

144. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

145. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

146. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

147. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

Count III

For Recklessness, Gross Negligence, and at a Minimum Negligence

Against All Defendants

148. Baker Donelson repeats its responses to the foregoing paragraphs, as if fully set forth herein.

149. This paragraph asserts legal conclusions to which no response is required.

150. This paragraph asserts legal conclusions to which no response is required.

151. To the extent this paragraph asserts legal conclusions, no response is required. To the extent this paragraph purports to quote written documents, the documents speak for themselves. Baker Donelson otherwise denies the allegations against it in this paragraph.

152. Denied.

153. Denied.

154. Baker Donelson denies the allegations against it in the first sentence of this paragraph. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegation in the second sentence of this paragraph and, on that basis, denies it.

155. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

156. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

157. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

158. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

Count IV

For Violations of Mississippi's Fraudulent Transfer Act

Against Butler Snow Advisory, Thornton, Alexander Seawright, Alexander, and Seawright

159. – 163. The allegations in paragraphs 159 through 163 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 159 through 163 and, on that basis, denies them.

Count V

For Violations of Mississippi's Racketeer Influenced and Corrupt Organization Act

Against Butler Snow Advisory, Thornton, Alexander Seawright, Alexander, and Seawright

164. – 172. The allegations in paragraphs 164 through 172 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 164 through 172 and, on that basis, denies them.

Count VI

For Joint Venture Liability

Against Alexander Seawright, Alexander, and Seawright

173. – 178. The allegations in paragraphs 173 through 178 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker

Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 173 through 178 and, on that basis, denies them.

Count VII

For Attorney Malpractice

Against Butler Snow

179. – 190. The allegations in paragraphs 179 through 190 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 179 through 190 and, on that basis, denies them.

Count VIII

For Negligent Retention and Supervision

Against Butler Snow and Baker Donelson

191. Baker Donelson repeats its responses to the foregoing paragraphs, as if fully set forth herein.

192. This paragraph asserts legal conclusions to which no response is required.

193. Baker Donelson denies that Alexander, Seawright, or any other person at Baker Donelson was acting as an agent of Baker Donelson in recruiting investors to Madison Timber or otherwise assisting Adams. The remaining allegations in this paragraph assert legal conclusions to which no response is required.

194. Denied.

195. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph. Baker Donelson does not supervise the private lives of its employees nor their personal businesses.

196. Baker Donelson denies the allegations against it in the first sentence of this paragraph. Baker Donelson lacks sufficient knowledge or information to form a belief about the allegation in the second sentence of this paragraph and, on that basis, denies it.

197. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

198. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

199. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

200. To the extent this paragraph asserts legal conclusions, no response is required. Baker Donelson otherwise denies the allegations against it in this paragraph.

Liability of Butler Snow for Butler Snow Advisory

201. – 203. The allegations in paragraphs 201 through 203 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 201 through 203 and, on that basis, denies them.

Liability of Alexander and Seawright for Alexander Seawright

204. – 206. The allegations in paragraphs 204 through 206 are not directed to Baker Donelson and therefore do not require a response. To the extent a response is required, Baker Donelson lacks sufficient knowledge or information to form a belief about the allegations in paragraphs 204 through 206 and, on that basis, denies them.

Butler Snow's and Baker Donelson's Vicarious Liability

207. This paragraph asserts legal conclusions to which no response is required. To the extent a response is required, Baker Donelson denies the allegations against it in this paragraph.

208. This paragraph asserts legal conclusions to which no response is required. To the extent a response is required, Baker Donelson denies the allegations against it in this paragraph.

In response to the “WHEREFORE” paragraph, Baker Donelson denies that the Receiver is entitled to any of the relief requested.

FOURTH DEFENSE

The Receiver’s claims against Baker Donelson are barred, in whole or in part, because Baker Donelson is not vicariously liable for the alleged conduct of Alexander and Seawright in connection with Madison Timber. Under Mississippi law, an employer is not liable for employees’ actions outside the scope of their employment. Miss. Code § 79-10-67(2); *see also Baker Donelson Bearman Caldwell & Berkowitz, P.C. v. Seay*, 42 So. 3d 474, 488–89 (Miss. 2010). Alexander and Seawright ran their personal LLC separately from the law firm for their own personal benefit. Baker Donelson did not authorize, endorse, or in any way benefit from the LLC.

FIFTH DEFENSE

The Receiver’s claims against Baker Donelson are barred, in whole or in part, by the doctrine of *in pari delicto* because the Receiver stands in the shoes of the most culpable parties, Madison Timber and Adams.

SIXTH DEFENSE

The Receiver’s claims against Baker Donelson are barred, in whole or in part, because Baker Donelson complied at all times with all applicable standards of care.

SEVENTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, because Baker Donelson did not owe any legal duty to Adams or Madison Timber, Adams and Madison Timber were not clients of Baker Donelson, and Baker Donelson did not breach any legal duty allegedly owed to Adams or Madison Timber.

EIGHTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, because the Receiver has not plausibly alleged, and the Receiver cannot show, that Baker Donelson knew of Adams's fraud.

NINTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, by the acts and omissions of Adams and Madison Timber; the acts and omissions of the representatives and agents of Adams and Madison Timber; and the acts and omissions of others for whom Baker Donelson is not responsible. Baker Donelson is not directly or proximately responsible for any damages that Adams and Madison Timber might have allegedly suffered or any debts they owe.

TENTH DEFENSE

The Amended Complaint mentions that certain unnamed investors have assigned unspecified claims to the Receivership Estate. The Amended Complaint does not identify any assignors or offer a single allegation about them or their allegedly assigned claims. Nor did the Receiver attach any assignment agreements to the Amended Complaint. Baker Donelson asserts every defense that may be available with respect to such purportedly assigned claims, including that the Receiver does not have standing, nor state a claim on the merits, as an assignee of unspecified claims.

ELEVENTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, by the doctrines of assumption of the risk and contributory or comparative fault.

TWELFTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, because the Receiver has failed to mitigate the alleged damages.

THIRTEENTH DEFENSE

The Receiver's claims against Baker Donelson are barred, in whole or in part, because the Receiver has failed to plead fraud with particularity as required by Fed. R. Civ. P. 9(b).

FOURTEENTH DEFENSE

The Receiver's claims against Baker Donelson for punitive damages are barred by the United States Constitution, the Mississippi Constitution, and applicable law.

FIFTEENTH DEFENSE

Baker Donelson reserves the right to amend this Answer to assert any additional defenses when and if, in the course of discovery, investigation, or preparation for trial, it becomes appropriate to assert such defenses.

JURY DEMAND

Baker Donelson demands trial by jury for of all claims and defenses upon which it is entitled to a jury trial.

PRAYER FOR RELIEF

WHEREFORE, having fully answered all of the allegations of the Amended Complaint to which any answer was required, Baker Donelson seeks judgment as follows:

- A. That the Amended Complaint be dismissed on the merits and with prejudice;
- B. That the Court deny the Receiver's request for attorneys' fees and costs and award Baker Donelson its costs of suit, including reasonable attorneys' fees as appropriate; and
- C. That Baker Donelson be awarded such additional and further relief as the Court deems just and proper.

Dated this 18th day of June, 2021

Respectfully submitted,

**BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ PC**

/s/ Craig D. Singer

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*Counsel for Defendant Baker, Donelson,
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CERTIFICATE OF SERVICE

I hereby certify that on June 18, 2021, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF, which will send notification of such filing to all registered participants.

/s/ Craig D. Singer
Craig D. Singer