

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION

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

Plaintiff,

v.

GARY PROPERTY MANAGEMENT,  
LLC,

Defendant

Case No. 3:22-cv-296-CWR-FKB

**GARY PROPERTY MANAGEMENT ANSWER TO COMPLAINT FOR DAMAGES  
AND DECLARATORY RELIEF & AFFIRMATIVE DEFENSES**

COMES NOW, Gary Property Management, LLC (hereafter “GPM”), by and through counsel, and respectfully submits its Answer and Affirmative Defenses to Complaint for Damages and Declaratory Relief, filed by Plaintiff Alysson Mills (“Receiver”), in her capacity as Receiver for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (“Madison Timber”) as follows:

**PRELIMINARY STATEMENT**

Prior to April 2016, the Gary family owned a certain parcel of land in Lafayette County, Mississippi for over fifty years and although there were periodic inquiries from others who expressed a desire to purchase the land because of its access to State Highway 7 and proximity to Oxford, these inquiries were rejected without discussion. Eventually, Oxford Springs, LLC purchased a nearby property of approximately 2000 acres and immediately began to devise plans

for a multi-use residential, recreational, and light commercial development, and sought and received approval for a Planned Use Development (“PUD”) from the Lafayette County Board of Supervisors. In early 2016, the Gary family was approached by Oxford Springs LLC which expressed a significant need for a southern “point of access” on Highway 7 for its planned development which the Gary property would uniquely provide. During the negotiations which followed, Lamar Adams (“Adams”) advised that he, Patrick Sands (a well-known Texas real estate developer and heir to the Hunt family fortune) and Michael Billings co-owned Oxford Springs, LLC. and Lamar provided a detailed explanation of the development’s infrastructure needs and overall development plan. Initially, Gary Property Management, LLC was only interested in discussing a conveyance of a road easement which Oxford Springs LLC rejected and countered with an offer to purchase approximately 100 acres of the Gary property (the most desirable and developable of the Gary property) for \$10 Thousand an acre, or \$1 million. After further negotiations, which included an agreement to provide road access to Highway 7 for the remaining Gary property through the purchased property and Oxford Spring’s replacement of fencing removed by Oxford Springs’ site development, a Real Estate Purchase Agreement outlining the terms of sale was executed on April 27, 2016.

The Gary family would not have sold any of the acreage without the additional consideration of maintaining access to Highway 7, landscape improvements to replace fences torn down, water and sewer hook ups to the property the Defendant retained, and other restrictions on the approximate 100 acres sold to make sure that Oxford Springs, LLC performed its obligations. The consideration it received as a consequence of the arm’s length sale was reasonable under the circumstances and does not suggest fraud.

The Receiver stands in Adam's shoes and in those of Adam's fraudulent company Madison Timber Properties, LLC. In addition, because of Patrick Sand's agreement, the Receiver also owns Oxford Springs LLC. The Receiver claims the Defendant engaged in a transaction under Mississippi's Fraudulent Transfer Act without a showing that either Defendant or even Oxford Springs, LLC, in whose shoes she stands, engaged in such a transfer. Having taken over Oxford Springs, LLC, the Receiver entered into an ill-advised plan of liquidation of the assets of Oxford Springs, LLC, selling its parcels of property. Rather than seek local assistance of individuals knowledgeable of the true value of the Oxford Springs property, the Receiver instead used realtors unfamiliar with the local real estate market who attempted to market the property as recreational land and not as property suitable for residential real estate development, as was Oxford Springs, LLC's original purpose.

Upon information and belief, the majority of the acreage the Receiver sold (identified as Parcel 1 under the *Complaint*) was sold for *almost twice* the \$4,668,530.48 that the Receiver received for the property less than 18 months after the Receiver sold Parcel 1. This fact alone should undermine any figure the Receiver maintains as to the worth of property owned by Oxford Springs, LLC.

Also seemingly lost in the Receiver's claim is the fact that at the time of the Receiver's court-approved sale of Parcel 1, Oxford Springs, LLC owed nothing on its property because the Receiver negotiated releases of the land from Oxford Spring LLC's lenders. As a result, any monies personally paid by Adams in the promotion of the Oxford Spring development was ultimately recouped (and well beyond) to the great benefit of Adams's victims. Victims, it should be pointed out, who apparently did scant due diligence on the loans they were making to Adams's company, Madison Timber, LLC.

Now the Receiver, having received the benefits of ownership in Oxford Springs, LLC to the tune of over \$5,000,000 (an amount that could have been millions higher) seeks to avoid that entity's obligations to the Defendant, a party innocent of any wrongdoing in the series of transactions of which the Receiver complains.

**FIRST DEFENSE** The Court lacks subject matter jurisdiction because the Receiver lacks standing to pursue claims for and on behalf of Oxford Springs, LLC to avoid obligations and covenants which Oxford Springs, LLC owed third parties with respect to real property located in Lafayette County, Mississippi.

**SECOND DEFENSE** The Complaint fails to state a claim against Gary Property Management, LLC for which relief can be granted.

**THIRD DEFENSE** The Receiver's claims against GPM 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.

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

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

**SIXTH DEFENSE** The Receiver's claims against GPM are barred, in whole or in part, by the Receiver's failure to appropriately mitigate damages.

**SEVENTH DEFENSE** The Receiver's claims against GPM 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).

**EIGHTH DEFENSE** The Receiver's dissolution of Oxford Springs, LLC subjected all of the assets of Oxford Springs, LLC to the valid creditors of Oxford Springs, LLC pursuant to 6 DE Code §18-803(b) and §18-804(a)(1).

**NINTH DEFENSE.** GPM 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.

**TENTH DEFENSE.** The claims are barred by the applicable statute of limitations and the doctrines of waiver, laches, accord and satisfaction, and judicial estoppel.

**ELEVENTH DEFENSE.** This action should be dismissed because venue in this district is improper.

**TWELFTH DEFENSE: ANSWER** Without waiving the above defenses, Gary Property Management, LLC answers the allegations of the Complaint below. Gary Property Management, LLC adopts the paragraph numbering of the Receiver's Complaint. The Receiver's section headings are repeated in bold italics. Any allegation in the Complaint not explicitly responded to in this Answer is denied. For convenience, Gary Property Management, LLC may answer several consecutive paragraphs of the Complaint with a single response, identifying the paragraphs to which the response is directed.

**JURY DEMAND.** GPM demands trial by jury for of all claims and defenses upon which it is entitled to a jury trial.

***Introduction***

1. GPM admits, the formation of Oxford Springs, LLC but is without sufficient information or knowledge to form a belief about the extent of it assets and, on that basis, denies any other allegations in this paragraph.

2. GPM admits the sale of Parcel 1 on December 28, 2020. GPM is without sufficient information or knowledge to form a belief about alleged dissolution and transfer to the Receiver and, on that basis, denies any other allegations in this paragraph.

3. Admitted.

4. Admitted.

5. The provisions of his paragraph do not purport to be allegations of fact that require a response. If a response is required, GPM denies the allegations and that the Receiver is entitled to Declaratory Relief or any other Relief.

6. The provisions of this paragraph do not purport to be allegations of fact that require a response. If a response is required, GPM denies the allegations and that the Receiver is entitled to Relief under the Mississippi Uniform Fraudulent Transfer Act or any other relief, whether in equity or law.

***Jurisdiction and Venue***

7. This paragraph asserts legal conclusions to which no response is required. To the extent a response is required, GPM states that the Court lacks jurisdiction over this action because the Receiver lacks standing to bring her claims. The Defendant also objects to venue in this court

and district as improper under 15 U.S.C. § 77v and §78aa (and any other applicable provision) and therefore this action should be dismissed. In the alternative, the Defendant asserts that this action should be transferred to the United States District Court for the Northern District of Mississippi for all further proceedings.

8. GPM 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.

9. 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, GPM states that this Court lacks jurisdiction over the claims asserted against it in the Complaint.

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

#### ***Parties***

11. GPM admits Alysson Mills is the Court-appointed Reciever for the estates of Adams and Madison Timber and that she stands in the shoes of Madison Timber for the purpose of maximizing assets available to Madison Timber's victims. The order referenced in this paragraph speaks for itself.

12. Admitted.

13. GPM admits Oxford Springs was a Delaware limited liability company formed in 2014. GPM admits Lamar Adams served as Oxford Springs's Managing Member. To the extent the Receiver asserts that no development occurred on the Oxford Springs property, GPM denies that allegation. As to all other allegations in this paragraph, GPM lacks sufficient knowledge or information to form a belief about the remaining allegations in this paragraph and, on that basis, denies them.

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

15. Denied.

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

17. The first sentence is admitted. The second sentence is denied.

*Oxford Springs's purchase of Parcel 1*

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

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

*Oxford Springs's purchase of Parcel 2*

20. The first sentence is admitted. The second sentence is admitted, except to the extent that Parcel 2 was "adjacent" to Parcel 1. The properties were separated by a County Road and did not touch each other.

21. Admitted.

22. Admitted.

23. Admitted.

24. Admitted.

25. GPM objects to the adjective “elaborate” in connection with the description of the Boulevard to be constructed. Other than that objection, the rest of the allegations are Admitted.

26. Admitted.

27. GPM admits that Oxford Springs granted it a contingent right of first refusal but denies that such right represented a “significant handicap.”

28. Admitted.

29. GPM lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them, however, GPM does point out that the assertion that the purchase of Parcel 2 was entirely financed by a loan from FNBC runs contra to the allegation that Madison Timber’s monies were used in the purchase.

30. Denied.

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

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

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

*The Receiver’s sale of Parcel 1 and Parcel 2.*

34. Admitted.

35. Admitted.

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

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

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

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

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

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

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

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

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

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

46. The first sentence is Admitted. GPM objects to any assertion that the only objection filed would be by GPM would be “notable” but otherwise admits the substance of the second

sentence. GPM denies it did not assert that the appraisals were erroneous or that the Receiver was receiving an unreasonably small price for Parcel 2.

47. Admitted.

**COUNT ONE**  
**For Declaratory Judgement that Gary Property Management, LLC**  
**Has No Claim Against the Receivership Estate**

48. GPM repeats its responses to the foregoing paragraphs, as if set forth herein.

49. Denied.

50. Denied.

51. Denied.

52. Denied.

53. Denied.

54. Denied.

**COUNT TWO**  
**Alternatively, for a Declaratory Judgement that any Claim of Gary Property**  
**Management, LLC Against the Receivership Estate Is Unsecured and Does Not**  
**Encumber Proceeds from the Sale of Parcel 2.**

55. GPM repeats its responses to the foregoing paragraphs, as if set forth herein.

56. Denied.

57. Denied.

58. Denied.

59. Denied.

60. Denied.

**COUNT THREE**  
**For Violations of Mississippi's Fraudulent Transfer Act**

61. GPM repeats its responses to the foregoing paragraphs, as if set forth herein.

62. Denied.

63. Denied.

64. GPM admits to the first sentence in that this is part of the language of the Section cited under the Act. GPM denies the second sentence.

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

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

67. GPM lacks sufficient knowledge or information to form a belief about the allegations in this paragraph and, on that basis, denies them. GPM suggests, that, notwithstanding such an obligation on the part of Oxford Springs may or may not exist, the Receivership, and thus its victims, benefited from the investment in Adams in an amount of at least \$5,000,000.00.

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

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

70. Denied.

71. Denied.

72. Denied.

73. Denied.

74. GPM denies the Receivership Estate is entitled to any claims against GPM.

**COUNT FOUR**  
**Unjust Enrichment**

75. GPM repeats its responses to the foregoing paragraphs, as if set forth herein.

76. Denied.

77. Denied. GPM points out that Parcel 2 was purchased as an enhancement to Parcel 1, bringing access to Highway 7 to over 2,000 developable acres and any value of Parcel 2 to Oxford Springs should take such access into account.

78. Denied.

**WHEREFORE**, having fully answered all of the allegations of the Complaint to which an answer is required, Gary Property Management LLC seeks Judgment as follows:

- A. That any Complaint against GPM for damages be dismissed on the merits and with prejudice.
- B. That the Court deny the Plaintiff any Declaratory or Equitable Relief requested.
- C. That the encumbrances on Parcel 2, as defined in the Complaint, are enforceable against the proceeds of the Receiver's sale of Parcel 2 and have a value to GPM far in excess of said proceeds.
- D. That furthermore, on the dissolution of Oxford Springs, LLC, the value of real estate owned by Oxford Springs, LLC, net of any debt was in excess of \$5,000,000.00 and should be available to satisfy the debts of Oxford Springs, LLC pursuant to 6 DE Code §18-803(b) and §18-804(a)(1).

Respectfully Submitted this 18th day of July, 2022.

/s/ D. Bradley Walsh

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**CERTIFICATE OF SERVICE**

I certify that I electronically filed the foregoing with the Clerk of the Court using the ECF system which sent notification to all counsel of record on this the 18th day of July, 2022.

/s/ David O'Donnell

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