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

Cause No. 3:22-cv-296-CWR-BWR

GARY PROPERTY MANAGEMENT, LLC'S RESPONSE IN OPPOSITION TO PLAINTIFF'S MOTION FOR PARTIAL SUMMARY JUDGMENT

Comes now, Gary Property Management, LLC, the Defendant in the above styled and numbered cause, and files its Response in Opposition to the Plaintiff's Motion for Partial Summary Judgment, and would state as follows:

1.

The Receiver's Partial Motion for Summary Judgment should be denied in all respects because the undisputed facts of record show that Gary Property Management, LLC ("GPM") is an innocent seller of valuable real estate to Oxford Springs, LLC which purchased the property in 2016 after a lengthy negotiation. Oxford Springs deemed the GPM property as essential to the economic viability of a new large scale residential and commercial development which needed the direct and visible access to Highway 7 the GPM property uniquely provided. The Receiver now seeks to undo certain terms of GPM's sale (covenants and "non-monetary obligations") in an effort to eliminate or render unsecured GPM's damages claim against the Receivership Estate now that the Receiver sold the former GPM property to a third party, less certain covenants and obligations per the court's Sale order. In advancing its argument against GPM's right, as an innocent seller, to receive the full value of the consideration Oxford Springs agreed to pay, the Receiver ignores its prime directive to seek equity without harming the rights of all innocent parties and to limit its recoupment to the assets Lamar Adams and Madison Timber fraudulently obtained through its Ponzi scheme and contributed to Oxford Springs. Here, GPM has lost certain covenants by court order but it maintains its right, in equity, to be compensated for that loss. Moreover, the GPM property was not purchased with Ponzi funds. Instead, the purchase was fully funded through a loan by First National Bank of Clarksdale.

2.

The basis of the present motion, that is, the circumstances regarding GPM's sale of the property to Oxford Springs has "radically changed" and therefore "enforcement" of the covenants and obligations would be "oppressive and inequitable" fails to evaluate the "changed circumstances" with the purposes underlying the covenants and obligations peculiar to our case. These agreements mutually benefitted GPM and the owner of Parcel 2 regardless of whether the development originally envisioned by Oxford Springs came to fruition. In other words, roads, sewer and water utilities, common fencing, and landscaping remained necessary for any development of Parcel 2 and thus the failure of Oxford Spring's 2400 acre development did not constitute the kind of "radical" change in the use of Parcel 2 which this theory requires. That is especially true here because the sale of Parcel 2 under the court's Sale order maintained the "use" restrictions set forth in Paragraph 8 of the Warranty Deed, less certain language regarding the construction of a road as a condition to further development. Further, the application of the "fundamental change in circumstances" theory would not be equitable because the "change" to which the Receiver refers was the result of the Receiver's (as the sole member of Oxford Springs) decision to split the sale of the properties and market them without the benefit of the substantial development and planning work completed by Oxford Springs.

3.

The Receiver also begs the ultimate issue of GPM's equitable right to be compensated for the loss of its covenants when it argues that GPM's damages claim should not be allowed because it would be "at the expense of the defrauded investors." That's an accounting issue, not a basis to deny GPM's claim. From GPM's perspective, the issue is whether it should be required to relinquish its damages claim in favor of Madison Timber's investors, especially when the Receiver has recovered $5,225,223.00 from the sale of the Oxford Springs property while Adams only invested $1, 380,000.00 into the venture. Aside from fully recouping the investor's monies which Adams contributed, the Receiver has acknowledged that neither GPM, nor Patrick Sands, were aware of Adam's Ponzi scheme prior to Adams' arrest. Equity clearly favors GPM.

4.

The Receiver also contends, without any authority, that GPM's damages claim should be deemed "unsecured" and should therefore not encumber the Parcel 2 sale proceeds. There is no basis in law or equity for that position.

5.

Finally, GPM will support its damages claim through the testimony of the Receiver's experts who have valued the costs of common improvements (fencing, landscaping and road access to Highway 7).

6.

In support of its Response, GPM incorporates the attached Exhibits A thru F and the accompanying Memorandum of Authorities.

7.

Based on the foregoing, GPM respectfully requests that the court deny the present motion in all respects.

Respectfully Submitted this 26th day of May, 2023.

/s/ *David O'Donnell*
Clayton O'Donnell, PLLC
David O. Donnell, Miss Bar No. 3912
1403 Van Buren Avenue, Suite 103
Oxford, Mississippi 38655
Tel: 662.234-0900
dodonnell@claytonodonell.com

/s/ D. Bradley Walsh
THE WALSH LAW FIRM PC
D. Bradley Walsh, Miss. Bar No. 9910
1328 N. Lamar Blvd., Suite 103
Oxford, Mississippi 38655
Tel: 662.281.5790
Fax: 855.627.0563
bwalsh@thewalshlawfirm.com

CERTIFICATE OF SERVICE

I certify that I electronically filed this Response in Opposition to the Plaintiff's Motion for Summary Judgment via the court's ECF System and thereby served all counsel of record.

This, the 26th day of May, 2023.

/s/ *David O'Donnell*
Clayton O'Donnell, PLLC
David O. Donnell, Miss Bar No. 3912
1403 Van Buren Avenue, Suite 103
Oxford, Mississippi 38655
Tel: 662.234-0900
dodonnell@claytonodonell.com

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

Cause No. 3:22-cv-296-CWR-BWR

AFFIDAVIT OF D. BRADLEY WALSH

I, D. Bradley Walsh, being of age and sound mind, do hereby state the following as to matters of which I have personal knowledge:

1.

Prior to April 2014, GPM owned a certain parcel of land in Lafayette County, Mississippi that had been in the Gary family for over 50 years. Although there were inquiries from individuals interested in purchasing land given its direct access to State Highway 7 and its close proximity to the City of Oxford, Mississippi, those inquiries were rejected without discussion.

2.

In early 2016, I was approached by either Corey Alger or Brad Pugh who informed me of the recent purchase of the large tract of land located next to the GPM property by Oxford Springs, LLC and the plans for its immediate development (mixed-use residential and commercial

EXHIBIT

A

development to include businesses, lakes, golf course, equestrian park, and various residential uses). I was also told that the development depended on obtaining a southern "point of access" on Highway 7 which the GPM property would uniquely provide.

3.

During the negotiations which followed, GPM was initially only interested in discussing a conveyance of a road easement which Oxford Springs rejected and countered with an offer to purchase approximately 100 acres of the property (the most desirable and developable of the GPM property) for $10,000 an acre or a total purchase price of $1 million. Over the ensuing months, GPM and Oxford Springs worked out GPM's desire to maintain access to Highway 7 (which it would lose in the event of the sale of the 100 acre tract), the replacement of a fence along the proposed property line, the addition of landscaping which would serve as a buffer and screening between the properties, and the right to access utilities (sewer, water) for the benefit of its remaining property.

4.

In addition, although GPM initially requested a "reverter" provision to be included in a deed to the property, effective in the event the proposed improvements were not completed within a certain time frame, GPM instead eventually agreed to a "right of first refusal" which gave GPM the right to purchase a part or all of the property on the same terms offered by a third party. GPM sold the 100 acre tract to Oxford Springs on September 23, 2016 via conveyance by warranty deed.

5.

GPM would not have sold any of the acreage to Oxford Springs without the right to maintain its access to Highway 7, landscape improvements to replace fencing, utility easements to allow GPM to access utility lines for the property and continued to own. Indeed, the improvements

Oxford Springs contemplated to the purchased tract and the agreed restrictions to the kinds of activities described in the purchase agreement were entirely in keeping with the overall project design and the approved PUD. Essentially, Oxford Springs insisted on purchasing the GPM property because it regarded its acquisition as essential to the economic viability of its project. Ultimately, the consideration which Oxford Springs paid to acquire the GPM property was the result of an arm's-length transaction and does not suggest fraud within the meaning of Mississippi's Fraudulent Transfer Act, nor do the circumstances support a claim for unjust enrichment. Thus, GPM is entitled to summary judgment as to Counts III (Fraudulent Transfer) and IV (Unjust Enrichment) of the Complaint.

I declare the foregoing under penalty of perjury.

This, the 2nd day of May, 2023.

D. Bradley Walsh

Case 3:22-cv-00296-CWR-FKB Document 1-3 Filed 06/02/22 Page 1 of 10

2016 SEP 28 PM 3:04

BY AB

Chancery Clerk
Instrument 2016 - 9416
Filed/Recorded 9/28/2016 03:04 P
9 Pages Recorded
Lafayette County, Mississippi

THIS INSTRUMENT PREPARED BY:
Michael S. MacInnis, Esquire
Rawlings & MacInnis, P.A.
1296 Highway 51 North (39110)
Post Office Box 1789
Madison, MS 39130-1789
(601) 898-1180
Mississippi Bar No. 8376

RETURN TO:
Michael S. MacInnis, Esquire
Rawlings & MacInnis, P.A.
1296 Highway 51 North (39110)
Post Office Box 1789
Madison, MS 39130-1789
(601) 898-1180

INDEXING INSTRUCTIONS:
The North 100.650 acre part of the Gary Tract located in Section 34 and 35, Township 7 South, Range 3 West, Lafayette, County Mississippi

NAME, ADDRESS AND PHONE NUMBER OF GRANTOR:
Gary Property Management, LLC
A Mississippi Limited Liability Company
265 N. Lamar, Suite W
Oxford, Mississippi 38655
Phone: (662) 281-5790

NAME, ADDRESS AND PHONE NUMBER OF GRANTEE:
Oxford Springs, LLC
A Delaware Limited Liability Company
P.O. Box 3033
Madison, Mississippi 39130
(601) 942-0369

WARRANTY DEED

EXHIBIT
B

Case 3:22-cv-00296-CWR-FKB Document 1-3 Filed 06/02/22 Page 2 of 10

2016 SEP 28 PM 3: 04

BY AB

Sherry Wall Chancery Clerk
Instrument 2016 - 9415
Filed/Recorded 9/28/2016 02:47 P
9 Pages Recorded
Lafayette County, Mississippi

THIS INSTRUMENT PREPARED BY:
Michael S. MacInnis, Esquire
Rawlings & MacInnis, P.A.
1296 Highway 51 North (39110)
Post Office Box 1789
Madison, MS 39130-1789
(601) 898-1180
Mississippi Bar No. 8376

RETURN TO:
Michael S. MacInnis, Esquire
Rawlings & MacInnis, P.A.
1296 Highway 51 North (39110)
Post Office Box 1789
Madison, MS 39130-1789
(601) 898-1180

INDEXING INSTRUCTIONS:
The North 100.650 acre part of the Gary Tract located in Section 34 and 35, Township 7 South, Range 3 West, Lafayette, County Mississippi

NAME, ADDRESS AND PHONE NUMBER OF GRANTOR:
Gary Property Management, LLC
A Mississippi Limited Liability Company
265 N. Lamar, Suite W
Oxford, Mississippi 38655
Phone: (662) 281-5790

NAME, ADDRESS AND PHONE NUMBER OF GRANTEE:
Oxford Springs, LLC
A Delaware Limited Liability Company
P.O. Box 3033
Madison, Mississippi 39130
(601) 942-0369

WARRANTY DEED

Case 3:22-cv-00296-CWR-FKB Document 1-3 Filed 06/02/22 Page 3 of 10

WARRANTY DEED

FOR AND IN CONSIDERATION of the sum of TEN and NO/100 DOLLARS ($10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Gary Property Management, LLC, a Mississippi limited liability company, Grantor, does hereby grant, bargain, sell, convey and warrant to Oxford Springs, LLC, a Delaware limited liability company, Grantee, the following described property situated in Lafayette County, Mississippi, to-wit, hereinafter referred to as the Property:

The north 100.650 acre part of the Gary Tract described in Inst. No. 200900773 L.C.R.O., located in Section 34 and 35 Township 7 South, Range 3 West, Lafayette, County Mississippi and being more particularly described as follows:

Beginning at a point 1315.82 feet East and 5.48 feet North of the Northwest corner of Section 35 at the northeast corner of a tract of land owned by Ollie W. Thompson recorded in Ins. 200900729 in the Lafayette County Register's office in Oxford, Ms.; thence South 89°35'48" East, a distance of 1302.77 feet to a point on the west right-of-way line of County Road 204 (60' ROW); thence South 00°00'49" West, along said right-of-way line a distance of 654.61 feet to a point to the beginning of a curve concave to the east having a radius of 2621.59 feet and a central angle of 6°55'24" and being subtended by a chord which bears South 03°26'53" East 316.59 feet; thence southerly along said curve, a distance of 316.78 feet to a point in said right-of-way; thence South 88°53'37" West, a distance of 368.44 feet to a point; thence South 00°33'44" East, a distance of 1084.29 feet to a point; thence North 89°18'33" West, a distance of 3489.22 feet to a point in the east right-of-way line of State Route 7; thence continuing north along the east right-of-way of S.R.7 the following courses and distances: North 27°37'26" West, a distance of 7.39 feet to a point to the beginning of a curve concave to the west having a radius of 11770.55 feet and a central angle of2°46'03" and being subtended by a chord which bears North 10°39'15" West 568.47 feet; thence northerly along said curve, a distance of 568.52 feet to a point; thence North 10°39'15" West, a distance of 568.47 feet duplicate? to a point; thence North 08°23'09" West, a distance of 222.95 feet to a point in the east right-of-way line of S.R. 7 and at a found iron pin at the southwest corner of a tract of land owned by James O. Thompson (200510243 LCRO); ; thence South 89°18'33" East, along the south line of the said Thompson property a distance of 2593.42 feet to a found iron pin; thence North 36°28'45"East, along a fence a distance of 119.81 feet to a point; thence North 00°04'47" East along the Thompson east property line, a distance of 1178.23 feet the Point of Beginning. Containing 100.650 acres, more or less of land.

LESS AND EXCEPT:

Part of Sections 34 and 35 Township 7 South, Range 3 West Lafayette County, Mississippi. More particularly described as follows:

Beginning at a found iron pin, 1242.95 feet East and 1280.05 feet South of the Northwest corner of Section 35, said point being on the south line of a tract of land owned by James O. Thompson, as recorded in Ins. 200510243 (LCRO); thence North 89°48'43" West, a distance of 671.73 feet to a point; thence South 89°43'43" West, a distance of 187.68 feet to a point; thence South 88°29'47" West, a distance of 380.79 feet to a point; thence North 88°28'35" West, a distance of 1264.44 feet to a point; thence North 85°56'43" West, a distance of 89.41 feet to a found iron pin on the east line of State Route 7; thence South 89°18'33" East, a distance of 2593.42 feet to the Point of Beginning. Containing 0.650 acres (28,314 sf), more or less of land.

This conveyance is made subject to and there is excepted from any warranty hereof the following:

1. Subject to that Grant of Transmission Line Easement to the United States of America, filed in Book 222 at Page 106.

2. Subject to that Grant of Transmission Line Easement to North East Mississippi Electric Power Association, filed in Book 458 at Page 65.

3. Subject to matters shown on survey of W.H. Porter Consultants, LLC, dated May 4, 2016, including, but not limited to, that fence encroachment extending into the subject property approximately .650 acres as detailed in said survey and which .650 acres is to be transferred to Oxford Springs, LLC by Quitclaim Deed. Exception is made for said encroachment area.

4. Any prior reservation or conveyance, together with release of damages, of minerals of every kind and character, including, but not limited to, oil, gas, sand and gravel in, on and under the subject property.

5. General and special taxes for 2016 and subsequent years.

6. Ad valorem taxes for the current year have been prorated between Grantor and Grantee on an estimated basis. When said taxes are actually determined, if the proration as of this date is incorrect, then Grantor agrees to pay Grantee any additional amounts due, and Grantee agrees to pay Grantor any amounts overpaid. Grantee assumes and agrees to pay ad valorem taxes for all subsequent years.

This conveyance is further made subject to the following restrictions, agreements, covenants, rights, or requirements:

7. As further consideration for the conveyance, Grantee agrees to make certain improvements to the Property as follows:

   a) A roadway or boulevard consisting of two to four lanes extending across the Property from Highway 7 to County Road 204. Grantee will provide to Grantor, and Grantor hereby reserves an access and utility easement off of said roadway or boulevard at a point to be determined by Grantee running to the northern border of that property being retained by Grantor immediately south of the Property (the "Retained Gary Property"), and as described in Exhibit "A.". Any final plans and specifications for the roadway or boulevard, including placement of the access and utility easement will be subject to final approval by all governing authorities. The roadway or boulevard will meet or exceed Lafayette County, Mississippi and any applicable road specifications for roadways acceptable for dedication to the County. The right of way of the roadway or boulevard shall contain utility tie-ins and hookups that will service future development of the Property as well as the utility easement at the access easement to the Retained Gary Property.

b) Fencing and landscaping along the common border of the Property and the Retained Gary Property are to be constructed/installed and will be shown on the Engineering Plans to be provided to Grantor by Grantee with a break/gate where the access easement enters the Retained Gary Property. The landscape plan and fencing specifications shall be included in any plans for the roadway or boulevard presented to the appropriate governing authorities, or if previously agreed by Grantor and Grantee prior to that time. Fencing will be complete prior to the beginning of any construction of the roadway or boulevard by the Grantee. The style and type of fencing shall be subject to the approval of Grantor, which approval shall not be unreasonably withheld, and it is understood that the fencing will be of a livestock containment type, either barbed-wire or hog-wire. Upon and after installation, it shall be the responsibility of Grantee to maintain said landscaping and fencing.

c)) All of the improvements described above to be made by the Grantee will be made within ten (10) years of the date of this Deed.

8. Grantor acknowledges that Grantee intends to develop the Property and said development may be residential and/or commercial and other mixed uses. As a material inducement to the sale of the Property and in further consideration of the Deed, Grantee agrees that there will be no residential or commercial development of the Property until such time as the roadway or boulevard contemplated by Section 7. a), above, has been completed by the construction and completion of at least two lanes accepted and approved by the appropriate governing authorities as a public or private right of way. Thereafter, any commercial development will be limited to those activities of the type or similar to those as set out in and pursuant to the North American Industry Classification Systems in Exhibit "B" attached hereto, but it is agreed that a grocery store or general mercantile store, with fuel pumps, may be developed, so long as the building for such a facility does not exceed 6,000 sq. feet, heated and cooled, and it may not be of a discount, convenience, "dollar-store" or flea-market style establishment. Additionally, Grantee may also develop age restricted housing, condominiums, town homes, apartments, traditional single family housing, hotels, amphitheaters, live/work spaces and the like. Other uses of the type or similar to those as set out in Exhibit "B" or any other type may be allowed as may be agreed in writing from time to time by Grantor.

9. As material consideration for this conveyance, Grantor hereby grants to Grantee a Right of First Refusal for a period beginning the date of this deed and running for a period of ten (10) years from said date. Grantee shall have a Right of First Refusal to purchase any of the Retained Gary Property exercisable within ninety (90) days of the Grantor's presentation to the Grantee of a bona fide third party offer to purchase all or any part of the Retained Gary Property, provided such right of first refusal shall not extend to offers made by descendants of Betty Jane Gary who might purchase parts of said property, but shall apply to any third parties who may purchase portions or all of the Retained Gary Property from descendants of Betty Jane Gary as set out below. Notwithstanding, in the event of a sale to a descendant of Betty Jane Gary, that family Grantee shall themselves take a deed made subject to the Grantee's Right of First

Refusal should any such family member make a purchase of the Retained Gary Property and later sell that property within the ten (10) year period. In the event the roadway or date of this Deed Date, any Right of First Refusal hereunder shall be extended to that date which is ten (10) years from the completion of the roadway or boulevard, as defined above.

10. As material consideration for this conveyance, Grantor reserves and is hereby granted by Grantee a Contingent Right of First Refusal in favor of the Grantor with regard to the Gary Property. The Contingent Right of First Refusal will go into effect only if and when Grantee is given notice of denial to construct the roadway or boulevard as set out in Section 7. a), above, by the applicable government authorities. In the event such a notice of denial is issued, the Contingent Right of First Refusal shall immediately go into effect and shall remain in effect for a period of ten (10) years from the date of the notice of denial. For that period, Grantor shall have the right to purchase any portion or all of the Gary Property for which a bona-fide offer is received exercisable within ninety (90) days of the Grantee's presentation to the Grantor of a bona-fide third party offer to purchase all or any part of the Gary Property. It is expressly agreed, however, that if Grantee, or its successors, does obtain all necessary governmental approvals for a roadway or boulevard during the term of the Contingent Right of First Refusal, construction of the roadway or boulevard shall proceed and in that event the Contingent Right of First Refusal will be null and void. Likewise, the Contingent Right of First Refusal will be null and void if the roadway or boulevard is completed in the manner and in the time period as set out in Section 7. a), above.

It is expressly understood and agreed that all of the covenants, agreements, restrictions, rights and obligations set out herein shall bind, be applicable to, and inure to the benefit of, the successors, assigns, transferees, heirs and devisees of Grantor and Grantee.

IN WITNESS WHEREOF, the undersigned has executed and delivered this instrument on the date shown is the acknowledgment with the effective date to be September 23, 2016.

GARY PROPERTY MANAGEMENT, LLC,
A Mississippi Limited Liability Company

By: Betty Jane Gary
Name: Betty Jane Gary
Its: Manager

Exhibit 3

STATE OF MISSISSIPPI
COUNTY OF Lafayette

PERSONALLY appeared before me, the undersigned authority in and for said county and state, on this the 23rd day of September, 2016, within my jurisdiction, the within named Betty Jane Gary, who acknowledged that she is Manager of GARY PROPERTY MANAGEMENT, LLC, a Mississippi limited liability company, and that for and on behalf of said limited liability company, and as its act and deed, she executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

Sherry Wall By Rhonda Amundsen DC
NOTARY PUBLIC

My Commission Expires:
MY COMMISSION EXPIRES JAN. 3, 2020

CHANCERY COURT ★ LAFAYETTE COUNTY, MS ★

EXHIBIT A

The south 260.205 acre part of the Gary Tract described in Inst. No. 200900773 L.C.R.O., located in Section 34 and 35 Township 7 South, Range 3 West, Lafayette, County Mississippi and being more particularly described as follows:

Beginning at a point 1021.70 west and 21.52 feet south the southeast corner of Section 34, Township 7 South, Range 3 West, and in the East right-of-way line of State Route 7, thence North along the east right-of-way of said Hwy 7 the following calls and distances;
North 02°41'01" West, a distance of 456.40 feet to a point; thence North 02°38'23" West, a distance of 999.11 feet to a point; thence North 00°06'40" East, a distance of 516.67 feet to a point to the beginning of a curve concave to the west having a radius of 11770.55 feet and a central angle of 4°21'43" and being subtended by a chord which bears North 4°10'17" West 895.88 feet; thence northerly along said curve, a distance of 896.09 feet to a point; thence North 05°37'22" East, a distance of 313.13 feet to a point; thence North 27°37'26" West, a distance of 207.79 feet to a point; thence South 89°18'33" East, a distance of 3489.22 feet to a point; thence South 00°33'44" East, a distance of 3366.52 feet to a point; thence North 89°19'37" West, a distance of 2303.21 feet to a point at the southwest corner of Section 35; thence North 88°47'37"West, a distance of 1021.96 feet the Point of Beginning.
Containing 260.205 ACRES, more or less of land.

EXHIBIT "B"

NAICS	Description
52	Finance and Insurance
448	Clothing and Clothing Accessories Stores
531	Real Estate Services
541	Professional and Technical Services
551	Management of Companies and Enterprises
561	Administrative and Support Services
621	Ambulatory Health Services
813	Membership associations and organizations
4452	Specialty Food Stores
4511	Sporting Goods and Musical instrument Stores
4512	Book, Periodicals and Music Stores
4531	Florists
4532	Office Supplies, stationary and Gift Stores
4539	Other Miscellaneous Store retailers
6116	Other Schools and Instruction
6117	Educational support services
6244	Child Care Day Services
8123	Dry Cleaning and Laundry Services
8131	Religious oragnizations
72110	Full Service Restaurants

72111	Limited Service Restaurants
445210	Meat Markets
445230	Fruit and Vegtable Markets
541940	Veterinary Services
713940	Fitness and Recreational Sports Centers
721191	Bed and Breakfast Inns

Exhibit B Continued

Case 3:22-cv-00296-CWR-FKB Document 1-4 Filed 06/02/22 Page 1 of 1 3:22-cv-296-CWR-FKB

JS 44 (Rev. 04/21)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

Alysson Mills, in her capacity as receiver for Arthur Lamar Adams and Madison Timber Properties, LLC

(b) County of Residence of First Listed Plaintiff: Orleans, Louisiana
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Lilli Evans Bass, Brown Bass & Jeter, PLLC, 1755 Lelia Drive, Suite 400, Jackson, Mississippi 39216, 601-487-8448

DEFENDANTS

Gary Property Management, LLC

County of Residence of First Listed Defendant: Lafayette
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☐ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

Click here for: Nature of Suit Code Descriptions.

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☒ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ☐ 365 Personal Injury - Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 Amer. w/Disabilities - Employment
- ☐ 446 Amer. w/Disabilities - Other
- ☐ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

Other:
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Management Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Retirement Income Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

INTELLECTUAL PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 835 Patent - Abbreviated New Drug Application
- ☐ 840 Trademark
- ☐ 880 Defend Trade Secrets Act of 2016

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ☐ 375 False Claims Act
- ☐ 376 Qui Tam (31 USC 3729(a))
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 480 Consumer Credit (15 USC 1681 or 1692)
- ☐ 485 Telephone Consumer Protection Act
- ☐ 490 Cable/Sat TV
- ☐ 850 Securities/Commodities/ Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Information Act
- ☐ 896 Arbitration
- ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District *(specify)*
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing *(Do not cite jurisdictional statutes unless diversity)*:
Securities Act of 1933, 15 U.S.C. § 77v(a); the Securities & Exchange Act of 1934, 15 U.S.C. § 78aa 1692

Brief description of cause:
Complaint for damages and declaratory judgmentin connection with and ancillary to the civil action No. 3:18-cv-252-CWR-FKB

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE Carlton W. Reeves DOCKET NUMBER 3:18-cv-252-CWR-FKB

DATE: Jun 2, 2022

SIGNATURE OF ATTORNEY OF RECORD: Lilli Evans Bass

FOR OFFICE USE ONLY

RECEIPT # ______ AMOUNT ______ APPLYING IFP ______ JUDGE ______ MAG. JUDGE ______

AMSSDC-4852091

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

MOTION FOR APPROVAL OF PROPOSED SETTLEMENT WITH FNBC

Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber"), through undersigned counsel, respectfully files this Motion for Approval of Proposed Settlement with First Valley National Corp. and its wholly owned subsidiary First National Bank of Clarksdale ("FNBC") and states as follows:

1.

In exchange for the Receiver's release of any claims against FNBC arising from FNBC's alleged role in the Madison Timber Ponzi scheme (which FNBC denies) and a channeling injunction, FNBC agrees to make a cash payment of $4,000,000.00 to the Receiver and to provide the Receiver with a 60 day "Tender Period" from the "Effective Date" of the Settlement Agreement during which the Receiver may satisfy all outstanding loans by FNBC to Oxford

EXHIBIT
tabbies
C

Springs, LLC ("Oxford Springs"), on which $4,552,113 is currently owed, by making a lump sum payment of $4,000,000.00 to FNBC.

2.

The value of the proposed settlement to the Receivership Estate is far greater than the $4,000,000.00 cash payment by FNBC and the 60 day "Tender Period" within which the Receiver may satisfy all outstanding loans by FNBC to Oxford Springs, on which $4,552,113 is currently owed, by making a $4,000,000.00 payment to FNBC, as it will result in the Receivership Estate's owning a 100% interest in Oxford Springs and retaining all of the proceeds from the future sale of Oxford Springs's property.

3.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against third parties, and if she does not finalize a settlement with FNBC on the proposed terms, she will file a lawsuit to pursue the Receivership Estate's claims. But the Receiver believes the proposed settlement is preferable to a lawsuit under the circumstances. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings and guarantees immediate benefit to the Receivership Estate.

4.

The Receiver is also mindful that the proposed settlement with FNBC is the first with a party who was not a recruiter for Madison Timber. The Receivership Estate has many claims, filed and to-be-filed, against third parties. The Receiver appreciates FNBC's cooperation in reaching an early resolution that results in a substantial benefit to the Receivership Estate.

5.

The proposed Settlement Agreement **[Exhibit A]** provides that FNBC's cash payment of $4,000,000.00 to the Receiver, together with the 60 day "Tender Period" in which the Receiver will have the option to satisfy all outstanding loans from FNBC to Oxford Springs, on which $4,552,113 is currently owed, will allow the Receivership Estate to satisfy all outstanding debt of Oxford Springs and achieve 100% ownership of Oxford Springs. The accompanying memorandum summarizes the Settlement Agreement's terms.

6.

The proposed Order Approving Settlement [**Exhibit B**] includes a channeling injunction, sometimes called a "bar order," which would bar any person or non-regulatory entity[1] from separately asserting claims against FNBC arising out of, in connection with, or relating to FNBC's banking relationship with Adams and/or Madison Timber and any role that FNBC may be alleged to have had in the Madison Timber Ponzi scheme (which FNBC denies). Those claims instead would be "channeled" through the Receivership Estate.

7.

The Receiver is mindful that victims of the Madison Timber Ponzi scheme, as the ultimate beneficiaries of the Receivership Estate, have a substantial interest in the Receivership Estate's claim against FNBC and the proposed resolution of it. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before the proposed settlement is approved. The Receiver thus proposes notice and hearing as described in the accompanying memorandum and set forth in the proposed Order Setting Hearing **[Exhibit C]** to give victims

[1] To be clear, the U.S. Attorney's Office, the F.B.I., the S.E.C., and the Mississippi Secretary of State, among other law enforcement bodies, are not affected by the proposed settlement. The Receiver does not purport to recommend any settlement that would interfere with their separate work.

and interested parties a full and fair opportunity to be heard. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

WHEREFORE, for the reasons stated here and in the accompanying memorandum, the Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlement may be presented and, if the Court agrees after notice and hearing, approved.

August 20, 2019
Respectfully submitted,

/s/ Lilli Evans Bass

BROWN BASS & JETER, PLLC
Lilli Evans Bass, Miss. Bar No. 102896
LaToya T. Jeter, Miss. Bar No. 102213
1755 Lelia Drive, Suite 400
Jackson, Mississippi 39216
Tel: 601-487-8448
Fax: 601-510-9934
bass@bbjlawyers.com
Receiver's counsel

/s/ Brent B. Barriere

FISHMAN HAYGOOD, LLP
Admitted pro hac vice
Brent B. Barriere, *Primary Counsel*
Jason W. Burge
Kristen D. Amond
Rebekka C. Veith
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
Tel: 504-586-5253
Fax: 504-586-5250
bbarriere@fishmanhaygood.com
jburge@fishmanhaygood.com
kamond@fishmanhaygood.com
rveith@fishmanhaygood.com
Receiver's counsel

CERTIFICATE OF SERVICE

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

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

Cliston V. "Doc" Bodine, III
Gerrish Smith Tuck
700 Colonial Road, Suite 200
Memphis, Tennessee 38117
dbodine@gerrish.com

Counsel for First Valley National Corp. and First National Bank of Clarksdale

Date: August 20, 2019

/s/ Brent B. Barriere
Admitted *pro hac vice*

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made this 19th day of August 2019 by and between Alysson Mills in her capacity as the Receiver of the estates of Arthur Lamar Adams and Madison Timber Properties, LLC (the "Receiver"), First Valley National Corp. (the "Corporation") and the Corporation's wholly owned subsidiary, First National Bank of Clarksdale (the "Bank", together the Corporation and Bank shall constitute the "Institution") (collectively the "Parties").

RECITALS

1. By order of the United States District Court for the Southern District of Mississippi (the "Court") dated June 22, 2018, entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), the Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[1]

2. Arthur Lamar Adams ("Adams") was an owner and the managing member of Oxford Springs, LLC ("Oxford Springs"), a Delaware limited liability company. "Receivership Property" and "assets owned by the Receivership Estate" include Adams's, and now the Receivership Estate's, interests in Oxford Springs.

3. The Bank holds a promissory note in the original principal amount of $4,224,612.69 dated May 14, 2015, executed by Oxford Springs and payable to the Bank (the "First Note"). Payment of the First Note is secured by (i) a deed of trust granted by Oxford Springs to Russell Fava, Trustee, for the benefit of the Bank, dated May 11, 2015 and filed of record on May 18, 2015 as Instrument Number 2015-4177 in the Chancery Clerk's Office of Lafayette County, Mississippi (the "2015 Deed of Trust") and (ii) personal guarantees of payment of the First Note and performance of other obligations owed to the Bank granted by Adams and Patrick Brian Sands ("Sands") (hereinafter referred to as the "First Guarantees"). The 2015 Deed of Trust encumbers title to approximately 2,372 acres of real estate and improvements thereon located in Lafayette County, Mississippi (the "Original Tract").

4. The Bank also holds a promissory note in the original principal amount of $983,964 dated September 22, 2016, executed by Oxford Springs and payable to the Bank (the "Second Note"). Payment of the Second Note is secured by (i) a deed of trust granted by Oxford Springs to Russell Fava, Trustee, for the benefit of the Bank, dated September 22, 2016 and filed of record on November 21, 2018 as Instrument Number 2016-11478 in the Chancery Clerk's Office of Lafayette County, Mississippi (the "2016 Deed of Trust") and (ii) personal guarantees of payment of the Second Note and performance of other obligations owed to the Bank granted by Adams and Sands (hereinafter referred to as the "Second Guarantees"). The 2016 Deed of

[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss).

EXHIBIT A

Trust encumbers title to approximately 100 acres of real estate and improvements thereon located in Lafayette County, Mississippi (the "Secondary Tract").

5. The Receiver has advised the Institution that she has determined that the Receivership Estate has or may have legal claims against the Institution arising from the Institution's banking relationship with Adams and Madison Timber Properties, LLC ("Madison Timber"). Although the Institution expressly denies any wrongdoing and denies any liability as a result of the legal claims which the Receivership Estate may have against the Institution, the Institution and Receiver have agreed to resolve those legal claims without the Receivership Estate's filing of a legal action by entering into this Agreement. This Agreement is not and shall not be construed as evidence of an admission of liability on the part of any of the Parties.

NOW, THEREFORE, in consideration of the terms and conditions stated herein, the Parties hereby agree as follows:

DEFINITIONS

In addition to the defined terms appearing in the Recitals, the following terms shall have the definition stated below:

1. The "Approval Order" shall mean an order of the Court entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), in form and substance reasonably acceptable to the Institution and Receiver approving this Settlement Agreement. Without limiting the generality of the foregoing, the Approval Order shall contain the Channeling Injunction, as hereafter defined.

2. The "Effective Date" shall mean a date mutually agreeable to the Receiver and the Institution which occurs within seven (7) days of the entry of the Approval Order and expiration of all applicable appeal periods, unless such Approval Order is stayed. If the Approval Order is stayed, the Effective Date shall occur within seven (7) days of termination of such stay and expiration of all applicable appeal periods. Notwithstanding the foregoing, the Institution and Receiver may, in their respective discretion, elect to set the Effective Date prior to the expiration of the applicable appeal period if no party in interest files an objection to entry of the Approval Order by the District Court.

3. The "Settlement Payment" shall mean the sum of $4,000,000.00.

AGREEMENT

1. Settlement Payment. On the Effective Date, the Institution shall deliver to the Receiver a payment in immediately available funds in the amount of $4,000,000.00, representing the entire Settlement Payment.

2. Filing and prosecution of motion. Following execution of this Agreement, the Receiver shall promptly file an appropriate motion that requests the Court's entry of an Approval Order. The Receiver will request that the Approval Order contain a channeling injunction enjoining any person or non-regulatory entity from commencing or continuing any judicial, administrative, arbitration, or other proceeding, and/or asserting or prosecuting any causes of action or claims against the Institution arising out of, in connection with, or relating in any way to Adams or Madison Timber including but not limited to any cause of action arising out of or relating to any investment in Madison Timber, and provide that any such claims by any person or non-regulatory entity shall instead be pursued against the Receivership Estate (the "Channeling Injunction"). The specific language, terms, and conditions of the Channeling Injunction shall be reasonably acceptable to the Receiver and the Institution. The Institution may terminate this Agreement without further obligation or liability if the Approval Order does not contain a Channeling Injunction that is reasonably acceptable to the Receiver and the Institution.

3. Tender by the Receiver. At any time within the period of sixty (60) days commencing on the Effective Date (the "Tender Period") the Receiver may deliver to the Bank the sum of $4,000,000.00 in full and complete satisfaction of the First Note and the Second Note and any and all other obligations and indebtedness of any type owed or allegedly owed by Oxford Springs, Adams, Madison Timber, or the Receivership Estate to the Bank (the "Tender Payment"). Upon the Bank's receipt of the Tender Payment, the Bank shall mark the First Note and the Second Note as "Satisfied in Full" and deliver those notes to the Receiver. The Bank shall also execute such additional documents as may be necessary to cause the release of the 2015 Deed of Trust and 2016 Deed of Trust. During the Tender Period, Oxford Springs shall be relieved of the obligation to pay the installments due on the First Note and the Second Note.

4. Release by the Bank. Upon the Bank's Receipt of the Tender Payment, the Bank shall terminate and release the First Guarantees and Second Guarantees as to both Adams and Sands and return the original, executed guarantees to the Receiver and Sands, respectively. The Bank acknowledges that upon termination of the First Guarantees and Second Guarantees, Sands shall owe no further indebtedness, liability or other obligations to the Bank related to the First Note or the Second Note.

5. Release by the Receiver. On the Effective Date, and without further act or document, the Receiver shall release, acquit and forever discharge any and all claims, demands and causes of action, whether known or unknown, arising in contract, tort, equity or any other theory of legal liability, liquidated or unliquidated, which the Receiver has or may have against any one or more of the Institution, its officers, directors, employees, agents, representatives, insurers, accountants and attorneys, and all other persons for whom the Institution might be liable or responsible (collectively the "Institution Released Persons"), whether now or formerly employed or associated with the Institution. Without in any way limiting the generality of the foregoing, the Receiver releases the Institution Released Persons, individually and collectively, of any and all claims, demands, obligations and causes of action in any way arising out of or in any way relating to the Institution's banking relationship with Adams and Madison Timber. The

release granted hereby shall become immediately effective upon the Receiver's receipt of the Settlement Payment and without further act by or instrument executed by the Receiver.

6. Release of the Receiver and Receivership Estate by the Institution. Upon the Bank's receipt of the Tender Payment, the Institution shall, without further act of or instrument executed by the Institution, release, acquit and forever discharge the Receiver, Receivership Estate and any and all of the Receiver's agents, employees, attorneys, accountants, insurers, and all other persons for whom the Receiver or Receivership Estate might be liable or responsible (the "Receiver Released Persons") of any and all claims, demands, obligations and causes of action, of any type or description, whether known or unknown, liquidated or unliquidated, arising in contract tort, equity or any other theory of liability. The release granted hereby shall become immediately effective upon the Institution's receipt of the Tender Payment without further act by or instrument executed by the Institution.

7. Further Acts of the Institution. Following the receipt of the Tender Payment by the Receiver of $4,000,000.00 the Institution shall execute such further and additional documents as the Receiver may reasonably request confirming that any and all indebtedness owed by Oxford Springs to the Bank has been satisfied and the Institution retains no further claim of any type or description against Oxford Springs, Sands, Adams, Madison Timber, or the Receivership Estate. Without limiting the generality of the foregoing, the Institution shall acknowledge that it has no claim which has been or could be asserted against the Receiver or the Receivership Estate. The Institution shall also take such acts, execute such instruments, and provide such documents as the Receiver may reasonably request to investigate and obtain the release of liens, encumbrances and adverse claims effecting title to the Original Tract or Secondary Tract.

8. Event of Default by the Institution: Any of the following shall constitute an "Event of Default" by the Institution:

a. The Institution fails to timely deliver the Settlement Payment to the Receiver.

b. The Institution breaches or otherwise fails perform any of the covenants, representations and warranties made by them in or other obligations imposed upon them by this Agreement.

9. Remedies Upon Occurrence of an Event of Default. Upon the occurrence of an Event of Default, the Receiver shall give not less than seven (7) days written notice to the Institution. The Institution shall have seven (7) days from the date of issuance of such notice to cure the Event of Default. Should the Institution fail to cure timely, the Receiver may either (i) employ all remedies and procedures to collect the balance due on the Settlement Payment, including attorneys' fees and interest in the amount of five (5%) percent from the Effective Date or (ii) declare the Agreement terminated and pursue any and all claims, demands and causes of action the Receiver may have against the Institution.

10. Entire Agreement; Amendments; Waivers. This Agreement, including all agreements referenced herein, constitutes the entire agreement of the Parties solely with regard to the subject matter hereof. This Agreement may only be modified or amended by an instrument in writing signed by all Parties. No waiver of any condition hereunder shall be effective unless effected by an instrument in writing signed by all Parties. No Party to this Agreement has relied upon any representations of any other Party not expressly contained in this Agreement.

11. Governing Law. This Agreement, as well as all matters in dispute between the Parties, whether arising from or relating to this Agreement or arising from or relating to alleged extra-contractual facts prior to, during or subsequent to this Agreement, including fraud, misrepresentation, negligence, or any other alleged tort or violation of this Agreement, regardless of the legal theory upon which such matter is asserted, is to be governed by, construed under, and enforced in accordance with the laws of the United States and the State of Mississippi without regard to any conflicts of laws principles that would require the application of any other laws. The Parties agree the Court is the sole venue to enforce the terms of this Agreement and to adjudicate any disputes arising in relation thereto.

12. Binding Effect. This Agreement shall inure to the benefit of the Parties hereto and shall be binding upon each of them, and their heirs, estates, assigns, representatives and successors.

13. Further Assurances. Each of the Parties, without further consideration, agrees to execute and deliver such other documents and take such other action as may be necessary to consummate more effectively the subject matter hereof.

14. Rules of Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof is to arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

15. Counterparts; Execution of Agreement. The Parties are permitted to execute this Agreement in one or more counterparts, each of such counterparts is to be deemed to be an original copy of this Agreement, and all of which, when taken together, are to be deemed to constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile, electronic mail, or other electronic transmission constitutes effective execution and delivery of this Agreement as to the Parties. Signatures of the Parties transmitted by facsimile, electronic mail, or other electronic transmission are to be deemed to be their original signatures for all purposes.

16. Notices. Notices hereunder or in connection with the Agreement shall be sent by electronic mail or overnight courier and addressed as follows:

a. If to the Receiver:

Alysson Mills
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
amills@fishmanhaygood.com

With a copy to:

Brent B. Barriere
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
bbarriere@fishmanhaygood.com

b. If to the Institution:

Russell S. Bennett, President & CEO
First National Bank of Clarksdale
Post Office Box 220
402 East Second Street
Clarksdale, Mississippi 38614
rbennett@fnbclarksdale.com

With a copy to:

Cliston V. "Doc" Bodine, III
Gerrish Smith Tuck
700 Colonial Road, Suite 200
Memphis, Tennessee 38117
dbodine@gerrish.com

[Signatures on Following Page]

Dated the day first above written.

Alysson Mills

Alysson Mills, in her capacity as
Receiver for the estate of Arthur Lamar
Adams and Madison Timber Properties, LLC.

Russell S. Bennett, President & CEO
First Valley National Corp.

Russell S. Bennett, President & CEO
First National Bank of Clarksdale

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

PROPOSED ORDER APPROVING SETTLEMENT

EXHIBIT B

Before the Court is the Motion for Approval of Proposed Settlement with First Valley National Corp. and its wholly owned subsidiary First National Bank of Clarksdale ("FNBC") filed by Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber").

The motion asks the Court to approve the Receiver's proposed settlement with FNBC. In exchange for the Receiver's and Receivership Estate's release of any claims against FNBC arising from FNBC's banking relationship with Adams and Madison Timber and any role that FNBC may be alleged to have had in the Madison Timber Ponzi scheme (which FNBC denies) and a channeling injunction, FNBC agrees to make a cash payment of $4,000,000.00 to the Receiver and provide the Receiver with a 60 day "Tender Period" from the "Effective Date" of the Settlement Agreement within which the Receiver may satisfy all outstanding loans by FNBC to Oxford Springs, LLC ("Oxford Springs"), on which $4,552,113 is currently owed, by making a lump sum payment of $4,000,000.00 to FNBC.

After notice and hearing, and after having considered the filings and arguments of counsel, the Court **GRANTS** the motion.

BACKGROUND

The Receiver's duties

The Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[1]

[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss).

EXHIBIT B

Oxford Springs

"Receivership Property" and "assets owned by the Receivership Estate" include Adams's, and now the Receivership Estate's, interest in Oxford Springs.

Oxford Springs is a Delaware limited liability company formed in 2014. Its sole asset is approximately 2,400 acres of undeveloped land in Lafayette County, Mississippi. It purchased the property with the intent to develop an upscale neighborhood with an equestrian park and golf course near Oxford, Mississippi. There has been no actual development on the property.

The Receivership Estate owns Adams's 47.5% interest in Oxford Springs. Of the remaining interests, Patrick Sands owns 47.5% and Mike Billings owns 5%.

FNBC

FNBC holds two deeds of trust over Oxford Springs's property. Oxford Springs purchased the property in two separate transactions and for each obtained a loan from FNBC:

Oxford Springs purchased the first approximately 2,300 acres ("Parcel 1") on April 29, 2015 for $5,158,031.54. In connection with that purchase, it borrowed $4,224,812 from FNBC, and FNBC obtained a deed of trust over the approximately 2,300 acres as well as personal guarantees from Adams and Sands.

Oxford Springs purchased the additional approximately 100 acres ("Parcel 2") on September 23, 2016 for $1,000,000. In connection with that purchase, it borrowed $1,000,000 from FNBC, and FNBC obtained a deed of trust over the approximately 100 acres as well as personal guarantees from Adams and Sands.

FNBC's loans to Oxford Springs are cross-collateralized, and the current total balance is $4,552,113.

EXHIBIT B

Attempted sale

Oxford Springs entered a contract to sell Parcels 1 and 2 earlier this year. That sale failed after the buyer declined to purchase Parcel 2 and sought to adjust the purchase price accordingly. Oxford Springs could have sold only Parcel 1 to the buyer, but after paying off FNBC's loans and other debts and dividing what remained among Oxford Springs's members, the Receivership Estate would have received little, if any, proceeds from the sale. The Receiver refused to sell under those circumstances.

The failed sale caused the Receiver's counsel to reassess the Receivership Estate's options. Oxford Springs's property is valuable and can be sold for several millions of dollars, but no sale will meaningfully benefit the Receivership Estate so long as it must first pay off FNBC and Oxford Springs's other members. To maximize Oxford Springs's value to the Receivership Estate, the Receiver's counsel devised a plan to own 100% of Oxford Springs and to sell its property free and clear of Oxford Springs's debt to FNBC.

The Receiver's negotiations—FNBC

Oxford Springs owes FNBC $4,552,113.

Separately, FNBC was one of Madison Timber's multiple banks and is a likely defendant in a lawsuit by the Receivership Estate. The Receiver presented FNBC with a draft complaint asserting claims arising from FNBC's banking relationship with Adams and Madison Timber and any role that FNBC may be alleged to have had in the Madison Timber Ponzi scheme (which FNBC denies).

After thoughtful negotiation, FNBC agreed to make a cash payment of $4,000,000.00 to the Receiver and provide the Receiver with a 60 day "Tender Period" from the "Effective Date" of the Settlement Agreement within which the Receiver may satisfy all outstanding loans by

FNBC to Oxford Springs, on which $4,552,113 is currently owed, by making a lump sum payment of $4,000,000.00 to FNBC in exchange for the Receiver's release of any claims against FNBC arising from FNBC's banking relationship with Adams and Madison Timber and any role that FNBC may be alleged to have had in the Madison Timber Ponzi scheme (which FNBC denies) and a channeling injunction.

The Receiver's negotiations—Sands

Sands owns a 47.5% interest in Oxford Springs and is a guarantor of FNBC's two loans to Oxford Springs.

Separately, Sands was a Madison Timber investor and is a likely claimant of the Receivership Estate to the extent he still holds outstanding Madison Timber promissory notes.

Sands agreed to convey to the Receivership Estate his 47.5% interest in Oxford Springs and also release the Receivership Estate of any claim by him to amounts due under his outstanding Madison Timber promissory notes in exchange for the Receiver's obtaining from FNBC a release of his guarantees of FNBC's loans to Oxford Springs. Simultaneously with the filing of her motion to approve her proposed settlement with FNBC, the Receiver filed a motion to approve the Receiver's proposed settlement with Sands.

The Receiver's negotiations—Billings

Billings owns a 5% interest in Oxford Springs.

Billings is a defendant in the lawsuit styled *Alysson Mills v. Michael D. Billings, et al.*, No. 3:18-cv-679 (S.D. Miss.), in which the Receiver alleges he received millions of dollars in "commissions" in exchange for his recruitment of new investors to Madison Timber. On July 9,

EXHIBIT B

2019, the Receiver filed a motion for approval of a proposed settlement with Billings.[2] As part of that proposed settlement, Billings agreed to convey to the Receivership Estate his 5% interest in Oxford Springs. As of this filing, the Court has not approved the proposed settlement.

Intended result

Through the proposed settlements with FNBC, Sands, and Billings, the Receivership Estate will own 100% of Oxford Springs and can sell its property free and clear of Oxford Springs's debt to FNBC. The proceeds of a future sale will go entirely to the Receivership Estate.

The proposed settlement with FNBC

The Receiver and FNBC have undertaken thoughtful negotiations and the Receiver believes that settlement with FNBC is in the Receivership Estate's best interest.

The Receiver advises the Court that FNBC was one of Madison Timber's multiple banks therefore the Receivership Estate has potentially substantial claims against FNBC arising from FNBC's banking relationship with Adams and Timber and any role that FNBC may be alleged to have had in the Madison Timber Ponzi scheme (which FNBC denies). But the Receiver believes the proposed settlement is preferable to a lawsuit under the circumstances. A lawsuit's result is never guaranteed. A lawsuit can take a long time to litigate to final judgment, and often a final judgment is appealed. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.

The Receiver also advises the Court that settlement now gives the Receivership Estate the opportunity to sell a valuable piece of property and retain all of its proceeds. In exchange for a release of the Receivership Estate's claims against it and a channeling injunction, FNBC will make a cash payment of $4,000,000.00 to the Receiver and provide the Receiver with a 60 day

---

[2] Docket No. 59, *Alysson Mills v. Michael D. Billings, et al.*, No. 3:18-cv-679 (S.D. Miss).

"Tender Period" from the "Effective Date" of the Settlement Agreement within which the Receiver may satisfy all outstanding loans by FNBC to Oxford Springs, on which $4,552,113 is currently owed, by making a lump sum payment of $4,000,000.00 to FNBC, but the value of the proposed settlement to the Receivership Estate is far greater. The proposed settlement with FNBC will result in Sands conveying his 47.5% interest in Oxford Springs to the Receivership Estate; that conveyance, coupled with the anticipated conveyance of Billings's 5% interest, will ensure the Receivership Estate owns 100% of Oxford Springs. By allowing the Receivership Estate to retain all of the proceeds of from the future sale of Oxford Springs's property, the proposed settlement represents a value to the Receivership Estate that far exceeds $4,552,113.

For all these reasons, the Receiver recommends settlement with FNBC on the proposed terms now, and the Court accepts her recommendation.

The public's interest

The Settlement Agreement **[Exhibit A]** includes a channeling injunction, sometimes called a "bar order," which would bar any person or non-regulatory entity[3] from separately asserting claims against FNBC arising out of, in connection with, or relating to Adams and/or Madison Timber. Those claims instead would be "channeled" through the Receivership Estate.

The Court, mindful that victims of the Madison Timber Ponzi scheme have a substantial interest in the Receiver's claims against FNBC and the proposed resolution of it, allowed interested parties an opportunity to be heard before the proposed settlement was approved. The Court entered an Order Setting Hearing, filed in the Court's public record for the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss). The Order

[3] To be clear, the U.S. Attorney's Office, the F.B.I., the S.E.C., and the Mississippi Secretary of State, among other law enforcement bodies, are not affected by the proposed settlement. The Receiver does not purport to recommend any settlement that would interfere with their separate work.

EXHIBIT B

Setting Hearing instructed the Receiver to publicize the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement, and instructions for submitting comments or objections on her website and in any forthcoming Receiver's Report.

Victims or other interested parties who wished to submit comments or objections were advised to do so at least five days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver, who submitted them to the Court. Victims or other interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be speak.

The Court is satisfied that the notice and hearing provided gave victims and interested parties a full and fair opportunity to be heard and gave the Court the benefit of their opinions as the Court assessed the proposed settlement's merits. The notice and hearing provided was efficient and desirable under the circumstances, given the particular interests at stake.[4]

ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order is appropriate. The Settlement Agreement should be and is hereby **APPROVED**.

Accordingly, the Court hereby **ORDERS** as follows:

1. The terms used in this Order Approving Settlement that are defined in the Settlement Agreement between the Receiver and FNBC, unless expressly otherwise defined herein, shall have the same meaning as in the Settlement Agreement.

[4] The Court takes no position on whether notice or hearing is appropriate prior to the Court's approval of possible future settlement with other parties.

EXHIBIT B

2. This Court has "broad powers and wide discretion to determine the appropriate relief in an equity receivership," including the "inherent equitable authority to issue a variety of 'ancillary relief' measures in actions brought by the SEC to enforce the federal securities laws." *S.E.C. v. Kaleta*, 530 Fed. App'x 360, 362 (5th Cir. 2013) (*Kaleta I*) (quoting *S.E.C. v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980)). These "ancillary relief" measures include "injunctions to stay proceedings by nonparties against the receivership" and "bar orders to secure settlements in receivership proceedings and to 'preserve the property placed in receivership pursuant to SEC actions.'" *S.E.C. v. Stanford Int'l Bank, Ltd.*, No. 3:09-cv-00298-N, 2017 WL 9989250, at *2 (N.D. Tex. Aug. 23, 2017) (quoting *Kaleta I*, 530 Fed. App'x at 362). *See also Zacarias v. Stanford Int'l Bank, Ltd.*, No. 17-11073, 2019 WL 3281687, at *9 (5th Cir. July 22, 2019) ("Again, the receivership solves a collective-action problem among the Stanford entities' defrauded creditors, all suffering losses in the same Ponzi scheme. It maximizes assets available to them and facilitates an orderly and equitable distribution of those assets. . . . It was no abuse of discretion for the district court to enter the bar orders to effectuate and preserve the coordinating function of the receivership."); *see also id.* at *8 ("The bar order functioned to channel investors' recovery into the receivership distribution process and 'did not interfere with or improperly extinguish the [investors'] rights.'") (quoting *S.E.C. v. Stanford Int'l Bank, Ltd.*, 927 F.3d 830, 851 (5th Cir. 2019)).

3. This Court has jurisdiction over the subject matter of this action, and the Receiver is a proper party to seek entry of this Order Approving Settlement.

4. The notice provided by this Court in the Order Setting Hearing and by the Receiver through her website and her Receiver's Report was reasonably calculated, under the circumstances, to apprise all interested parties, and in particular, victims of the Madison Timber

EXHIBIT B

Ponzi scheme, of the Settlement Agreement and the releases and bar order provided therein. The notice was also reasonably calculated, under the circumstances, to apprise all interested parties, and in particular, victims of the Madison Timber Ponzi scheme, of their right to object to the Settlement Agreement and the releases and bar order provided therein and to appear at the hearing on the motion. The notice was adequate, sufficient, and the best notice practicable and met all applicable requirements of law.

5. The Settlement Agreement was reached after a full investigation of the facts by the Receiver. The Settlement Agreement was negotiated, proposed, and entered into between the Receiver and FNBC in good faith and at arm's length. The parties were well-represented and competent to evaluate the strengths and weaknesses of all claims and defenses.

6. The value of the Settlement Agreement to the Receivership Estate is far greater than the $4,000,000.00 cash payment that FNBC will make to the Receiver and the 60 day "Tender Period" from the "Effective Date" of the Settlement Agreement within which the Receiver may satisfy all outstanding loans by FNBC to Oxford Springs, on which $4,552,113 is currently owed, by making a lump sum payment of $4,000,000.00 to FNBC Settlement Agreement will result in the Receivership Estate's owning a 100% interest in Oxford Springs and retaining all of the proceeds from the future sale of Oxford Springs's property.

7. The bar order enjoining any person or non-regulatory entity[5] from commencing or continuing any judicial, administrative, arbitration, or other proceeding, and/or asserting or prosecuting any causes of action against FNBC arising out of, in connection with, or relating in any way arising out of or relating to FNBC's banking relationship with Adams or Madison

[5] To be clear, the U.S. Attorney's Office, the F.B.I., the S.E.C., and the Mississippi Secretary of State, among other law enforcement bodies, are not affected by the Settlement Agreement or Bar Order. The Court does not purport to approve any settlement that would interfere with their separate work.

Timber of any investment in the Madison Timber Ponzi scheme is necessary and appropriate ancillary relief to this settlement. *See Kaleta I,* 530 Fed. App'x at 362.

8. The parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

9. The Court finds that the Settlement Agreement is, in all respects, fair, reasonable, and adequate, and in the best interests of all parties claiming an interest in or asserting any claim against FNBC or the Receivership Estate. The Court further finds that a bar order is a necessary component to achieve the Settlement Agreement and to ensure maximum recovery to the Receivership Estate.

10. The Settlement Agreement, the terms of which are fully set forth in the document itself, is hereby fully and finally approved. The parties are directed to implement and consummate the Settlement Agreement in accordance with its terms and with this Order Approving Settlement.

11. The Court hereby permanently bars, restrains, and enjoins any person or non-regulatory entity from commencing or continuing any judicial, administrative, arbitration, or other proceeding, and/or asserting or prosecuting any claims or causes of action against FNBC arising out of, in connection with, or relating in any way arising out of or relating to FNBC's banking relationship with Adams and/or Madison Timber, or any investment in the Madison Timber Ponzi scheme. Such causes of action are instead channeled "into the receivership distribution process." *Zacarias*, 2019 WL 3281687, at *9.

12. Nothing in this Order Approving Settlement or the Settlement Agreement and no aspect of the Settlement Agreement or negotiation thereof is or shall be construed to be an admission or concession of any violation of any statute or law, of any fault, liability, or

EXHIBIT B

wrongdoing, or of any infirmity in the claims or defenses of any party in any other proceeding by the Receiver or FNBC.

13. FNBC shall deliver or cause to be delivered the Settlement Payment in accordance with the terms of the Settlement Agreement.

14. Without in any way affecting the finality of this Order Approving Settlement, the Court retains continuing and exclusive jurisdiction over the parties for the purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement Agreement, including, without limitation, the releases and bar order described in the Settlement Agreement and set forth in this Order.

15. The Court expressly finds and determines, pursuant to Federal Rule of Civil Procedure 54(b), that there is no just reason for any delay in the entry of this Order Approving Settlement, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

16. This Order Approving Settlement shall be filed in the Court's public record and shall be served by counsel for the Receiver, via email, first class mail or international delivery service, on any person or entity that filed an objection to approval of the Settlement Agreement.

DATED: ____________ ______________________________

Honorable Carlton W. Reeves
United States District Judge

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

PROPOSED ORDER SETTING HEARING

EXHIBIT C

Before the Court is the Motion for Approval of Proposed Settlement with First Valley National Corp. and its wholly owned subsidiary First National Bank of Clarksdale ("FNBC") filed by Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber").

The motion asks the Court to approve the Receiver's proposed settlement with FNBC.

The proposed Settlement Agreement [**Exhibit A**] includes a channeling injunction, sometimes called a "bar order," which would bar any person or non-regulatory entity[1] from separately asserting claims against FNBC arising out of, in connection with, or relating to Adams and/or Madison Timber. Those claims instead would be "channeled" through the Receivership Estate.

The Court, mindful that victims of the Madison Timber Ponzi scheme have a substantial interest in the Receiver's claim against FNBC and the proposed resolution of it, agrees with the Receiver that interested parties should have an opportunity to be heard before the proposed settlement is approved. The Court therefore **ORDERS** as follows:

1. The Court shall hold a hearing on the Motion for Approval of Proposed Settlement on **[Date]** at **[Time]** in Courtroom 5B.
2. Victims or other interested parties who wish to submit comments or objections shall do so at least five days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver, who shall submit them to the Court.
3. Victims or other interested parties who wish to address the proposed settlement at the hearing shall be given an opportunity to be speak.

[1] To be clear, the U.S. Attorney's Office, the F.B.I., the S.E.C., and the Mississippi Secretary of State, among other law enforcement bodies, are not affected by the proposed settlement. The Receiver does not purport to recommend any settlement that would interfere with their separate work.

4. The Receiver shall publicize this Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement, and instructions for submitting comments or objections on her website and in any forthcoming Receiver's Report.

The notice and hearing contemplated by this order shall give victims and interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court assesses the proposed settlement's merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.[2]

DATED: ____________

____
Honorable Carlton W. Reeves
United States District Judge

[2] The Court takes no position at this time on whether notice or hearing is appropriate prior to the Court's approval of possible future settlement with other parties.

EXHIBIT C

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made this 19th day of August 2019 by and between Alysson Mills in her capacity as the Receiver of the estates of Arthur Lamar Adams and Madison Timber Properties, LLC (the "Receiver"), First Valley National Corp. (the "Corporation") and the Corporation's wholly owned subsidiary, First National Bank of Clarksdale (the "Bank", together the Corporation and Bank shall constitute the "Institution") (collectively the "Parties").

RECITALS

1. By order of the United States District Court for the Southern District of Mississippi (the "Court") dated June 22, 2018, entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), the Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[1]

2. Arthur Lamar Adams ("Adams") was an owner and the managing member of Oxford Springs, LLC ("Oxford Springs"), a Delaware limited liability company. "Receivership Property" and "assets owned by the Receivership Estate" include Adams's, and now the Receivership Estate's, interests in Oxford Springs.

3. The Bank holds a promissory note in the original principal amount of $4,224,612.69 dated May 14, 2015, executed by Oxford Springs and payable to the Bank (the "First Note"). Payment of the First Note is secured by (i) a deed of trust granted by Oxford Springs to Russell Fava, Trustee, for the benefit of the Bank, dated May 11, 2015 and filed of record on May 18, 2015 as Instrument Number 2015-4177 in the Chancery Clerk's Office of Lafayette County, Mississippi (the "2015 Deed of Trust") and (ii) personal guarantees of payment of the First Note and performance of other obligations owed to the Bank granted by Adams and Patrick Brian Sands ("Sands") (hereinafter referred to as the "First Guarantees"). The 2015 Deed of Trust encumbers title to approximately 2,372 acres of real estate and improvements thereon located in Lafayette County, Mississippi (the "Original Tract").

4. The Bank also holds a promissory note in the original principal amount of $983,964 dated September 22, 2016, executed by Oxford Springs and payable to the Bank (the "Second Note"). Payment of the Second Note is secured by (i) a deed of trust granted by Oxford Springs to Russell Fava, Trustee, for the benefit of the Bank, dated September 22, 2016 and filed of record on November 21, 2018 as Instrument Number 2016-11478 in the Chancery Clerk's Office of Lafayette County, Mississippi (the "2016 Deed of Trust") and (ii) personal guarantees of payment of the Second Note and performance of other obligations owed to the Bank granted by Adams and Sands (hereinafter referred to as the "Second Guarantees"). The 2016 Deed of

[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss).

EXHIBIT A

Trust encumbers title to approximately 100 acres of real estate and improvements thereon located in Lafayette County, Mississippi (the "Secondary Tract").

5. The Receiver has advised the Institution that she has determined that the Receivership Estate has or may have legal claims against the Institution arising from the Institution's banking relationship with Adams and Madison Timber Properties, LLC ("Madison Timber"). Although the Institution expressly denies any wrongdoing and denies any liability as a result of the legal claims which the Receivership Estate may have against the Institution, the Institution and Receiver have agreed to resolve those legal claims without the Receivership Estate's filing of a legal action by entering into this Agreement. This Agreement is not and shall not be construed as evidence of an admission of liability on the part of any of the Parties.

NOW, THEREFORE, in consideration of the terms and conditions stated herein, the Parties hereby agree as follows:

DEFINITIONS

In addition to the defined terms appearing in the Recitals, the following terms shall have the definition stated below:

1. The "Approval Order" shall mean an order of the Court entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), in form and substance reasonably acceptable to the Institution and Receiver approving this Settlement Agreement. Without limiting the generality of the foregoing, the Approval Order shall contain the Channeling Injunction, as hereafter defined.

2. The "Effective Date" shall mean a date mutually agreeable to the Receiver and the Institution which occurs within seven (7) days of the entry of the Approval Order and expiration of all applicable appeal periods, unless such Approval Order is stayed. If the Approval Order is stayed, the Effective Date shall occur within seven (7) days of termination of such stay and expiration of all applicable appeal periods. Notwithstanding the foregoing, the Institution and Receiver may, in their respective discretion, elect to set the Effective Date prior to the expiration of the applicable appeal period if no party in interest files an objection to entry of the Approval Order by the District Court.

3. The "Settlement Payment" shall mean the sum of $4,000,000.00.

AGREEMENT

1. Settlement Payment. On the Effective Date, the Institution shall deliver to the Receiver a payment in immediately available funds in the amount of $4,000,000.00, representing the entire Settlement Payment.

2. Filing and prosecution of motion. Following execution of this Agreement, the Receiver shall promptly file an appropriate motion that requests the Court's entry of an Approval Order. The Receiver will request that the Approval Order contain a channeling injunction enjoining any person or non-regulatory entity from commencing or continuing any judicial, administrative, arbitration, or other proceeding, and/or asserting or prosecuting any causes of action or claims against the Institution arising out of, in connection with, or relating in any way to Adams or Madison Timber including but not limited to any cause of action arising out of or relating to any investment in Madison Timber, and provide that any such claims by any person or non-regulatory entity shall instead be pursued against the Receivership Estate (the "Channeling Injunction"). The specific language, terms, and conditions of the Channeling Injunction shall be reasonably acceptable to the Receiver and the Institution. The Institution may terminate this Agreement without further obligation or liability if the Approval Order does not contain a Channeling Injunction that is reasonably acceptable to the Receiver and the Institution.

3. Tender by the Receiver. At any time within the period of sixty (60) days commencing on the Effective Date (the "Tender Period") the Receiver may deliver to the Bank the sum of $4,000,000.00 in full and complete satisfaction of the First Note and the Second Note and any and all other obligations and indebtedness of any type owed or allegedly owed by Oxford Springs, Adams, Madison Timber, or the Receivership Estate to the Bank (the "Tender Payment"). Upon the Bank's receipt of the Tender Payment, the Bank shall mark the First Note and the Second Note as "Satisfied in Full" and deliver those notes to the Receiver. The Bank shall also execute such additional documents as may be necessary to cause the release of the 2015 Deed of Trust and 2016 Deed of Trust. During the Tender Period, Oxford Springs shall be relieved of the obligation to pay the installments due on the First Note and the Second Note.

4. Release by the Bank. Upon the Bank's Receipt of the Tender Payment, the Bank shall terminate and release the First Guarantees and Second Guarantees as to both Adams and Sands and return the original, executed guarantees to the Receiver and Sands, respectively. The Bank acknowledges that upon termination of the First Guarantees and Second Guarantees, Sands shall owe no further indebtedness, liability or other obligations to the Bank related to the First Note or the Second Note.

5. Release by the Receiver. On the Effective Date, and without further act or document, the Receiver shall release, acquit and forever discharge any and all claims, demands and causes of action, whether known or unknown, arising in contract, tort, equity or any other theory of legal liability, liquidated or unliquidated, which the Receiver has or may have against any one or more of the Institution, its officers, directors, employees, agents, representatives, insurers, accountants and attorneys, and all other persons for whom the Institution might be liable or responsible (collectively the "Institution Released Persons"), whether now or formerly employed or associated with the Institution. Without in any way limiting the generality of the foregoing, the Receiver releases the Institution Released Persons, individually and collectively, of any and all claims, demands, obligations and causes of action in any way arising out of or in any way relating to the Institution's banking relationship with Adams and Madison Timber. The

release granted hereby shall become immediately effective upon the Receiver's receipt of the Settlement Payment and without further act by or instrument executed by the Receiver.

6. Release of the Receiver and Receivership Estate by the Institution. Upon the Bank's receipt of the Tender Payment, the Institution shall, without further act of or instrument executed by the Institution, release, acquit and forever discharge the Receiver, Receivership Estate and any and all of the Receiver's agents, employees, attorneys, accountants, insurers, and all other persons for whom the Receiver or Receivership Estate might be liable or responsible (the "Receiver Released Persons") of any and all claims, demands, obligations and causes of action, of any type or description, whether known or unknown, liquidated or unliquidated, arising in contract tort, equity or any other theory of liability. The release granted hereby shall become immediately effective upon the Institution's receipt of the Tender Payment without further act by or instrument executed by the Institution.

7. Further Acts of the Institution. Following the receipt of the Tender Payment by the Receiver of $4,000,000.00 the Institution shall execute such further and additional documents as the Receiver may reasonably request confirming that any and all indebtedness owed by Oxford Springs to the Bank has been satisfied and the Institution retains no further claim of any type or description against Oxford Springs, Sands, Adams, Madison Timber, or the Receivership Estate. Without limiting the generality of the foregoing, the Institution shall acknowledge that it has no claim which has been or could be asserted against the Receiver or the Receivership Estate. The Institution shall also take such acts, execute such instruments, and provide such documents as the Receiver may reasonably request to investigate and obtain the release of liens, encumbrances and adverse claims effecting title to the Original Tract or Secondary Tract.

8. Event of Default by the Institution: Any of the following shall constitute an "Event of Default" by the Institution:

a. The Institution fails to timely deliver the Settlement Payment to the Receiver.

b. The Institution breaches or otherwise fails perform any of the covenants, representations and warranties made by them in or other obligations imposed upon them by this Agreement.

9. Remedies Upon Occurrence of an Event of Default. Upon the occurrence of an Event of Default, the Receiver shall give not less than seven (7) days written notice to the Institution. The Institution shall have seven (7) days from the date of issuance of such notice to cure the Event of Default. Should the Institution fail to cure timely, the Receiver may either (i) employ all remedies and procedures to collect the balance due on the Settlement Payment, including attorneys' fees and interest in the amount of five (5%) percent from the Effective Date or (ii) declare the Agreement terminated and pursue any and all claims, demands and causes of action the Receiver may have against the Institution.

10. Entire Agreement; Amendments; Waivers. This Agreement, including all agreements referenced herein, constitutes the entire agreement of the Parties solely with regard to the subject matter hereof. This Agreement may only be modified or amended by an instrument in writing signed by all Parties. No waiver of any condition hereunder shall be effective unless effected by an instrument in writing signed by all Parties. No Party to this Agreement has relied upon any representations of any other Party not expressly contained in this Agreement.

11. Governing Law. This Agreement, as well as all matters in dispute between the Parties, whether arising from or relating to this Agreement or arising from or relating to alleged extra-contractual facts prior to, during or subsequent to this Agreement, including fraud, misrepresentation, negligence, or any other alleged tort or violation of this Agreement, regardless of the legal theory upon which such matter is asserted, is to be governed by, construed under, and enforced in accordance with the laws of the United States and the State of Mississippi without regard to any conflicts of laws principles that would require the application of any other laws. The Parties agree the Court is the sole venue to enforce the terms of this Agreement and to adjudicate any disputes arising in relation thereto.

12. Binding Effect. This Agreement shall inure to the benefit of the Parties hereto and shall be binding upon each of them, and their heirs, estates, assigns, representatives and successors.

13. Further Assurances. Each of the Parties, without further consideration, agrees to execute and deliver such other documents and take such other action as may be necessary to consummate more effectively the subject matter hereof.

14. Rules of Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof is to arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

15. Counterparts; Execution of Agreement. The Parties are permitted to execute this Agreement in one or more counterparts, each of such counterparts is to be deemed to be an original copy of this Agreement, and all of which, when taken together, are to be deemed to constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile, electronic mail, or other electronic transmission constitutes effective execution and delivery of this Agreement as to the Parties. Signatures of the Parties transmitted by facsimile, electronic mail, or other electronic transmission are to be deemed to be their original signatures for all purposes.

EXHIBIT A

16. Notices. Notices hereunder or in connection with the Agreement shall be sent by electronic mail or overnight courier and addressed as follows:

a. If to the Receiver:

Alysson Mills
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
amills@fishmanhaygood.com

With a copy to:

Brent B. Barriere
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
bbarriere@fishmanhaygood.com

b. If to the Institution:

Russell S. Bennett, President & CEO
First National Bank of Clarksdale
Post Office Box 220
402 East Second Street
Clarksdale, Mississippi 38614
rbennett@fnbclarksdale.com

With a copy to:

Cliston V. "Doc" Bodine, III
Gerrish Smith Tuck
700 Colonial Road, Suite 200
Memphis, Tennessee 38117
dbodine@gerrish.com

[Signatures on Following Page]

Dated the day first above written.

Alysson Mills, in her capacity as
Receiver for the estate of Arthur Lamar
Adams and Madison Timber Properties, LLC.

Russell S. Bennett, President & CEO
First Valley National Corp.

Russell S. Bennett, President & CEO
First National Bank of Clarksdale

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

MOTION FOR APPROVAL OF PROPOSED SETTLEMENT WITH SANDS

Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber"), through undersigned counsel, respectfully files this Motion for Approval of Proposed Settlement with Patrick Sands and states as follows:

1.

Patrick Sands owns a 47.5% interest in Oxford Springs, LLC ("Oxford Springs") and is a guarantor of First National Bank of Clarksdale's ("FNBC") two loans to Oxford Springs.

2.

Separately, Sands was a Madison Timber investor and is a likely claimant of the Receivership Estate to the extent he still holds outstanding Madison Timber promissory notes.

EXHIBIT
tabbies
D

3.

Sands has agreed to convey to the Receivership Estate his 47.5% interest in Oxford Springs and also release the Receivership Estate of any claim by him to amounts due under his outstanding Madison Timber promissory notes in exchange for the Receiver's obtaining from FNBC a release of his guarantees of FNBC's loans to Oxford Springs. The accompanying memorandum summarizes the proposed Settlement Agreement's **[Exhibit A]** terms.

4.

Simultaneously with the filing of this motion, the Receiver is filing a motion that asks the Court to approve the Receiver's proposed settlement with FNBC. As part of that proposed settlement, FNBC shall terminate and release Sands's personal guarantees FNBC's loans to Oxford Springs.

5.

The Receiver's proposed Settlement Agreement with Sands is contingent on the approval of the Receiver's proposed settlement with FNBC. Together the settlements will result in the Receivership Estate's owning a 100% interest in Oxford Springs and retaining all the proceeds from the future sale of Oxford Springs's property.

6.

The Receiver thus submits that, if the Court approves the Receiver's proposed settlement with FNBC, the Receiver's proposed Settlement Agreement with Sands is unquestionably in the Receivership Estate's best interest. The Receiver submits the accompanying memorandum in support.

7.

Because the proposed Settlement Agreement with Sands does not affect the rights of third parties this motion does not require a hearing. Absent objection, the Court, if it agrees, may enter the proposed Order Approving Settlement **[Exhibit B]**.

WHEREFORE, for the reasons stated here and in the accompanying memorandum, the Receiver respectfully requests that if the Court approves the Receiver's proposed settlement with FNBC the Court approve the contingent Settlement Agreement with Sands.

August 23, 2019

Respectfully submitted,

/s/ Lilli Evans Bass

BROWN BASS & JETER, PLLC
Lilli Evans Bass, Miss. Bar No. 102896
LaToya T. Jeter, Miss. Bar No. 102213
1755 Lelia Drive, Suite 400
Jackson, Mississippi 39216
Tel: 601-487-8448
Fax: 601-510-9934
bass@bbjlawyers.com
Receiver's counsel

/s/ Brent B. Barriere

FISHMAN HAYGOOD, LLP
Admitted pro hac vice
Brent B. Barriere, *Primary Counsel*
Jason W. Burge
Kristen D. Amond
Rebekka C. Veith
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
Tel: 504-586-5253
Fax: 504-586-5250
bbarriere@fishmanhaygood.com
jburge@fishmanhaygood.com
kamond@fishmanhaygood.com
rveith@fishmanhaygood.com
Receiver's counsel

CERTIFICATE OF SERVICE

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

Date: August 23, 2019

/s/ Brent B. Barriere
Admitted *pro hac vice*

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Settlement Agreement" or "Agreement") is made this 22 day of August 2019 by and between Alysson Mills in her capacity as the Receiver of the estates of Arthur Lamar Adams and Madison Timber Properties, LLC (the "Receiver") and Patrick Brian Sands ("Sands") (collectively the "Parties").

RECITALS

1. By order of the United States District Court for the Southern District of Mississippi (the "Court") dated June 22, 2018, entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), the Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[1]

2. Arthur Lamar Adams ("Adams") was an owner and the managing member of Oxford Springs, LLC ("Oxford Springs"), a Delaware limited liability company. "Receivership Property" and "assets owned by the Receivership Estate" include Adams's, and now the Receivership Estate's, interest in Oxford Springs.

3. Sands owns a 47.5% interest in Oxford Springs and agrees, subject to the terms and conditions stated herein, to convey to the Receiver all his membership interest in Oxford Springs free and clear of any liens, encumbrances, or adverse claims whatsoever.

4. In partial consideration of the conveyance of his interest in Oxford Springs to the Receiver, Sands shall be released of any and all claims, obligations, and indebtedness of Oxford Springs. Without limiting the generality of the foregoing, Sands shall be released from the personal guarantee dated May 11, 2015 granted by him to First National Bank of Clarksdale (the "Bank") and the personal guarantee dated September 22, 2016 granted by him to the Bank (collectively the "Guarantees").

5. In further consideration of Sands' conveyance to the Receiver of his membership interest in Oxford Springs, the Receiver shall release Sands and his affiliates from any and all claims, demands and causes of action, if any, the Receiver or Receivership Estate has or may have against Sands and his affiliates.

NOW, THEREFORE, in consideration of the terms and conditions stated herein, the Parties hereby agree as follows:

[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss).

DEFINITIONS

In addition to the terms defined in the Recitals, the following terms shall have the meaning set forth below:

1. The "Approval Order" shall mean an order of the Court entered in the federal civil action styled *Securities & Exchange Commission vs. Arthur Lamar Adams, et al.*, No. 3:18-cv-252 (S.D. Miss), approving this Settlement Agreement.

2. The "Effective Date" shall mean a date mutually agreeable to the Receiver and Sands which occurs within seven (7) days of the date that the Bank terminates and releases the Guarantees.

AGREEMENT

1. Conveyance by Sands. On the Effective Date, Sands shall convey to the Receiver all of his membership interest in Oxford Springs free and clear of any liens, encumbrances, or adverse claims whatsoever (the "Conveyance"). If requested by the Receiver, Sands shall assign to the Receiver his capital account in Oxford Springs and deliver to the Receiver copies of any documents or other written materials in any form in Sands or his attorney's possession, custody or control and in any way referring, relating or pertaining to Oxford Springs.

2. Release by Sands of Oxford Springs. Simultaneously with the Conveyance, Sands as of the Effective Date releases Oxford Springs of (i) any and all obligations or indebtedness owed by Oxford Springs to Sands and (ii) any and all other claims, demands, and causes of action of any nature whatsoever which Sands has or may have against Oxford Springs. Without limiting the generality of the foregoing, Sands as of the Effective Date releases Oxford Springs of any demand or claim for repayment of funds paid by Sands to the Bank on behalf of Oxford Springs.

3. Release by Sands of the Receiver. Simultaneously with the Conveyance, Sands and PaySands, Inc. as of the Effective Date release the Receiver and Receivership Estate of any and all claims, demands, and causes of action Sands has or may have against the Receiver and/or the Receivership Estate including, without limitation, any such claims arising out of or relating to promissory notes issued by Madison Timber to Sands or PaySands, Inc. Sands recognizes and agrees that neither he nor PaySands, Inc. shall be a claimant against the Receivership Estate and neither shall be entitled to participate in any distribution of funds or other property by the Receiver.

4. Release by the Receiver. Upon the Conveyance, and as of the Effective Date, the Receiver releases any and all claims, demands, and causes of action of any type or description she has or may have against Sands, or any of his affiliates, or any person or entity for whom he might be liable or responsible (including but not limited to PaySands, Inc.), including, without limitation, any claims for recovery of any funds paid to Sands or PaySands, Inc. by Madison Timber or Adams. The Receiver agrees (i) that the settlement set forth in this Agreement includes payment in full by Sands of any claim the Receiver and/or the Receivership Estate have against Sands or PaySands, Inc. related to any funds received from Madison Timber or Adams, and (ii) if requested

by Sands, to communicate that fact to a court or any other person (including other victims of the scheme perpetrated by Madison Timber and Adams).

5. Release of Bank Guarantees. Prior to the Conveyance, the Receiver shall provide Sands with documentation from the Bank evidencing the release and termination of the Guarantees. This Agreement shall not be effective unless and until the Guarantees have been released and such evidence has been provided to Sands.

6. Filing and prosecution of motion. Upon the execution of this Settlement Agreement, the Receiver shall promptly file an appropriate motion that requests the Court's entry of an Approval Order.

7. Entire Agreement; Amendments; Waivers. This Agreement, including all agreements referenced herein, constitutes the entire agreement of the Parties solely with regard to the subject matter hereof. This Agreement may only be modified or amended by an instrument in writing signed by all Parties. No waiver of any condition hereunder shall be effective unless effected by an instrument in writing signed by all Parties. No Party to this Agreement has relied upon any representations of any other Party not expressly contained in this Agreement.

8. Governing Law. This Agreement, as well as all matters in dispute between the Parties, whether arising from or relating to this Agreement or arising from or relating to alleged extra-contractual facts prior to, during or subsequent to this Agreement, including fraud, misrepresentation, negligence, or any other alleged tort or violation of this Agreement, regardless of the legal theory upon which such matter is asserted, is to be governed by, construed under, and enforced in accordance with the laws of the United States and the State of Mississippi without regard to any conflicts of laws principles that would require the application of any other laws. The Parties agree the Court is the sole venue to enforce the terms of this Agreement and to adjudicate any disputes arising in relation thereto.

9. Binding Effect. This Agreement shall inure to the benefit of the Parties hereto and shall be binding upon each of them, and their heirs, estates, assigns, representatives and successors.

10. Further Assurances. Each of the Parties, without further consideration, agrees to execute and deliver such other documents and take such other action as may be necessary to consummate more effectively the subject matter hereof.

11. Rules of Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof is to arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

12. Counterparts; Execution of Agreement. The Parties are permitted to execute this Agreement in one or more counterparts, each of such counterparts is to be deemed to be an original copy of this Agreement, and all of which, when taken together, are to be deemed to constitute one

and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile, electronic mail, or other electronic transmission constitutes effective execution and delivery of this Agreement as to the Parties. Signatures of the Parties transmitted by facsimile, electronic mail, or other electronic transmission are to be deemed to be their original signatures for all purposes.

13. Notices. Notices hereunder or in connection with the Agreement shall be sent by electronic mail or overnight courier and addressed as follows:

a. If to the Receiver:

Alysson Mills
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
amills@fishmanhaygood.com

With a copy to:

Brent B. Barriere
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, Louisiana 70170
bbarriere@fishmanhaygood.com

b. If to Sands:

C. Jedson Nau
Senior Vice President/Senior Counsel
The Rosewood Corporation
2101 Cedar Springs Road, Suite 1600
Dallas, Texas 75201
jnau@rosewd.com

Daniel H. Gold
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7672
daniel.gold@haynesboone.com

[Signatures on Following Page]

Dated the day first above written.

Alysson Mills, in her capacity as
Receiver for the estate of Arthur Lamar
Adams and Madison Timber Properties, LLC.

Patrick Brian Sands

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

[PROPOSED] ORDER APPROVING SETTLEMENT

Before the Court is the Motion for Approval of Proposed Settlement with Patrick Sands ("Sands") filed by Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber").

The motion asks the Court to approve the Receiver's proposed Settlement Agreement with Sands **[Exhibit A]**. After consideration, the Court finds the proposed Settlement Agreement with Sands is in the Receivership's best interest. The Court thus **GRANTS** the Receiver's motion.

BACKGROUND

The Receiver's duties

The Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal

EXHIBIT B

or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[1]

Oxford Springs

"Receivership Property" and "assets owned by the Receivership Estate" include Adams's, and now the Receivership Estate's, interest in Oxford Springs.

Oxford Springs is a Delaware limited liability company formed in 2014. Its sole asset is 2,400 acres of undeveloped land in Lafayette County, Mississippi. It purchased the property with the intent to develop an upscale neighborhood with an equestrian park and golf course near Oxford, Mississippi. There has been no actual development on the property.

The Receivership Estate owns Adams's 47.5% interest in Oxford Springs. Of the remaining interests, Patrick Sands owns 47.5% and Mike Billings owns 5%.

FNBC

First National Bank of Clarksdale's ("FNBC") holds two deeds of trust over Oxford Springs's property. Oxford Springs purchased the property in two separate transactions and for each obtained a loan from FNBC:

Oxford Springs purchased the first 2,300 acres ("Parcel 1") on April 29, 2015 for $5,158,031.54. In connection with that purchase, it borrowed $4,224,812 from FNBC, and FNBC obtained a deed of trust over the 2,300 acres as well as personal guarantees from Adams and Sands.

Oxford Springs purchased the additional 100 acres ("Parcel 2") on September 23, 2016 for $1,000,000. In connection with that purchase, it borrowed $1,000,000 from FNBC, and FNBC obtained a deed of trust over the 100 acres as well as personal guarantees from Adams and Sands.

[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss).

FNBC's loans to Oxford Springs are cross-collateralized, and the current total balance is $4,552,113.

Attempted sale

Oxford Springs entered a contract to sell Parcels 1 and 2 earlier this year. That sale failed after the buyer declined to purchase Parcel 2 and sought to adjust the purchase price accordingly. Oxford Springs could have sold only Parcel 1 to the buyer, but after paying off FNBC's loans and other debts and dividing what remained among Oxford Springs's members, the Receivership Estate would have received little, if any, proceeds from the sale. The Receiver refused to sell under those circumstances.

The failed sale caused the Receiver's counsel to reassess the Receivership Estate's options. Oxford Springs's property is valuable and can be sold for several millions of dollars, but no sale will meaningfully benefit the Receivership Estate so long as it must first pay off FNBC and Oxford Springs's other members. To maximize Oxford Springs's value to the Receivership Estate, the Receiver's counsel devised a plan to own 100% of Oxford Springs and to sell its property free and clear of Oxford Springs's debt to FNBC.

The Receiver's negotiations—FNBC

Oxford Springs owes FNBC $4,552,113.

Separately, FNBC was one of Madison Timber's multiple banks and is a likely defendant in a lawsuit by the Receivership Estate. The Receiver presented FNBC with a draft complaint asserting claims arising from FNBC's alleged role in the Madison Timber Ponzi scheme.

FNBC agreed to forgive the $4,552,113 debt Oxford Springs owes to FNBC in exchange for the Receiver's release of any claims against FNBC arising from FNBC's alleged role in the Madison Timber Ponzi scheme.

EXHIBIT B

The Receiver's negotiations—Sands

Sands owns a 47.5% interest in Oxford Springs and is a guarantor of FNBC's two loans to Oxford Springs.

Separately, Sands was a Madison Timber investor and is a likely claimant of the Receivership Estate to the extent he still holds outstanding Madison Timber promissory notes.

Sands agreed to convey to the Receivership Estate his 47.5% interest in Oxford Springs and also release the Receivership Estate of any claim by him to amounts due under his outstanding Madison Timber promissory notes in exchange for the Receiver's obtaining from FNBC a release of his guarantees of FNBC's loans to Oxford Springs. Simultaneously with the filing of her motion to approve her proposed settlement with FNBC, the Receiver filed a motion to approve the Receiver's proposed settlement with Sands.

The Receiver's negotiations—Billings

Billings is a defendant in the lawsuit styled *Alysson Mills v. Michael D. Billings, et al.*, No. 3:18-cv-679 (S.D. Miss.), in which the Receiver alleges he received millions of dollars in "commissions" in exchange for his recruitment of new investors to Madison Timber. On July 9, 2019, the Receiver filed a motion for approval of a proposed settlement with Billings. As part of that proposed settlement, Billings agreed to convey to the Receivership Estate his 5% interest in Oxford Springs. The Court approved the proposed settlement on August 16, 2019.[2]

[2] Docket No. 61, *Alysson Mills v. Michael D. Billings, et al.*, No. 3:18-cv-679 (S.D. Miss).

Intended result

Through the proposed settlements with FNBC, Sands, and Billings, the Receivership Estate will own 100% of Oxford Springs and can sell its property free and clear of Oxford Springs's debt to FNBC. The proceeds of a future sale will go entirely to the Receivership Estate.

The proposed settlement with Sands

The Receiver and Sands have undertaken thoughtful negotiations and the Receiver believes that settlement with Sands is in the Receivership Estate's best interest. The Court agrees. The proposed Settlement Agreement with Sands will result in Sands conveying his 47.5% interest in Oxford Springs to the Receivership Estate. That conveyance, coupled with the conveyance of Billings's 5% interest, will ensure the Receivership Estate owns 100% of Oxford Springs and allow it to retain all the proceeds from the future sale of Oxford Springs's property.

ORDER

After consideration, the Court finds that the terms of the Settlement Agreement with Sands are adequate, fair, reasonable, and equitable. The Settlement Agreement with Sands should be and is hereby **APPROVED**.

Accordingly, the Court hereby **ORDERS** as follows:

1. The terms used in this Order Approving Settlement that are defined in the Settlement Agreement between the Receiver and Sands, unless expressly otherwise defined herein, shall have the same meaning as in the Settlement Agreement.

2. This Court has jurisdiction over the subject matter of this action, and the Receiver is a proper party to seek entry of this Order Approving Settlement.

3. The Settlement Agreement followed meaningful, informed, arm's-length negotiations between the Receiver and Sands, both represented by highly capable counsel.

EXHIBIT B

4. The parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. The Settlement Agreement is, in all respects, fair, reasonable, and adequate and is hereby fully and finally approved. The parties are directed to implement and consummate the Settlement Agreement in accordance with its terms and with this Order Approving Settlement.

6. Nothing in this Order Approving Settlement or the Settlement Agreement and no aspect of the Settlement Agreement or negotiation thereof is or shall be construed to be an admission or concession of any violation of any statute or law, of any fault, liability, or wrongdoing, or of any infirmity in the claims or defenses of any party in any other proceeding.

7. Sands shall deliver or cause to be delivered the Conveyance in accordance with the terms of the Settlement Agreement.

8. Without in any way affecting the finality of this Order Approving Settlement, the Court retains continuing and exclusive jurisdiction over the parties for the purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement Agreement, including, without limitation, the releases and bar order described therein.

DATED: ____________ ______________________________

Honorable Carlton W. Reeves
United States District Judge

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC, Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

ORDER APPROVING THE SALE OF REAL PROPERTY

Before the Court is a motion by Alysson Mills, in her capacity as the court-appointed receiver (the "Receiver") for Arthur Lamar Adams and Madison Timber Properties, LLC, to sell approximately 100 acres of real property located in Lafayette County, Mississippi and referred to as "Parcel 2", pursuant to 28 U.S.C. § 2001(b) and free and clear of liens, encumbrances, and related obligations or claims. Among other relief, the Receiver requests that she be authorized and directed to perform the Buy-Sell Agreement (the "Buy-Sell Agreement") by and between the Receiver and the Andrew W. Callicut Irrevocable Trust (the "Buyer").

The Receiver's duty

The Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate"[1] and to "terminate any and all leases of the Receivership Defendants' personal or real property, or to sell any of the Receivership Defendants' personal or real property."[2]

[1] Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss.).
[2] Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss.).

EXHIBIT
tabbies
E

Exhibit 1

Assets "owned by the Receivership Estate" include interests in six limited liability companies ("LLCs") of which Lamar Adams was a member. Since her appointment on June 22, 2018, the Receiver has sold or otherwise resolved the Receivership Estate's interests in five of the six LLCs. As of her last Receiver's Report, the only remaining unresolved LLC was Oxford Springs, LLC ("Oxford Springs").

Oxford Springs

Oxford Springs was a Delaware LLC formed in 2014. Its owners were Lamar Adams, Patrick Sands, and Mike Billings. Its sole asset was approximately 2,400 acres of undeveloped land in Lafayette County, Mississippi, which it purchased with the intent to develop an upscale neighborhood with an equestrian park and golf course near Oxford, Mississippi.

Oxford Springs purchased the first approximately 2,278 acres ("Parcel 1") in 2015 for $5,158,031.54. In connection with that purchase, it borrowed $4,224,812 from First National Bank of Clarksdale ("FNBC"), and FNBC obtained a deed of trust over the approximately 2,278 acres as well as personal guarantees from Oxford Springs's owners.

Oxford Springs purchased the additional approximately 100 acres ("Parcel 2") in 2016 for $1,000,000. In connection with that purchase, it borrowed $1,000,000 from FNBC, and FNBC obtained a deed of trust over the approximately 100 acres as well as personal guarantees from Oxford Springs's owners.

Settlements with FNBC, Sands, and Billings

FNBC's loans to Oxford Springs were cross-collateralized, and in August 2019 the total balance was $4,552,113. Oxford Springs attempted to sell its real property, but after paying off FNBC's loans and other debts and dividing what remained among Oxford Springs's three owners, the Receivership Estate would have received little, if any, proceeds from the sale. The Receiver refused to sell under those circumstances.

To maximize Oxford Springs's value to the Receivership Estate, the Receiver's counsel devised a plan to own 100% of Oxford Springs and to sell its property free and clear of Oxford Springs's debt to FNBC.

Among other things, the Receiver presented FNBC with a draft complaint asserting claims arising from FNBC's banking relationship with Adams and Madison Timber and any role it may have been alleged to have played in the Madison Timber Ponzi scheme (which FNBC denied). After a series of negotiations, the Receiver eventually reached settlements with FNBC, Sands, and Billings that this Court approved on September 25, 2019,[3] October 9, 2019,[4] and August 16, 2019,[5] respectively. As part of those settlements, FNBC cancelled Oxford Springs's debt, and Sands and Billings transferred their interests in Oxford Springs to the Receiver.

Oxford Springs's sale of Parcel 1

Following her settlements with FNBC, Sands, and Billings, the Receiver caused Oxford Springs to make reasonable improvements to its real property and market it for sale nationally. After months of negotiations, on December 28, 2020, Oxford Springs sold the approximately 2,278 acres comprising Parcel 1 for $5,000,000, resulting in $4,668,530.48, after broker's fees and the payment of overdue property taxes, to Oxford Springs.

---

[3] Doc. 183, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss.).
[4] Doc. 185, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-00252 (S.D. Miss.).
[5] Doc. 61, *Alysson Mills vs. Michael D. Billings, et al.*, No. 3:18-cv-00679 (S.D. Miss.).

Oxford Springs's dissolution

Following Oxford Springs's sale of Parcel 1, the Receiver caused Oxford Springs to be dissolved. As a result, Oxford Springs's remaining assets—its cash and title to the approximately 100 acres comprising Parcel 2—were transferred to the Receivership Estate.

The Receiver's proposed sale of Parcel 2

Following Oxford Springs's dissolution, the Receiver accepted an offer for the purchase of Parcel 2. Based on advice of counsel and others, the Receiver determined the final negotiated purchase price is reasonable and a sale now is in the Receivership Estate's best interests. On March 11, 2021, the Receiver executed the Buy-Sell Agreement with the Buyer [**Receiver's Exhibit 5**].[6]

The Buy-Sell Agreement states that for the purchase price of $540,000, the Receiver shall convey title to the Buyer free and clear of liens, encumbrances, and related obligations or claims, save and except servitudes which typically transfer with title to real property, such as servitudes of egress and ingress and servitudes of utilities.

The warranty deed dated September 23, 2016 that transferred title of Parcel 2 from Gary Property Management, LLC to Oxford Springs ("Warranty Deed") purports to impose on Oxford Springs and its successors the obligation to, among other things, construct on Parcel 2 a boulevard to Gary Property Management, LLC's specifications. That and other obligations, whether enforceable or not, currently are impediments to Parcel 2's sale. The Receiver therefore asks the Court's authorization to sell Parcel 2 free and clear of liens, encumbrances, and related obligations or claims.

[6] The legal description of Parcel 2 is attached to the Buy-Sell Agreement.

The Procedures Order

On March 12, 2021, the Court entered an order adopting the procedures intended to allow the Receiver to sell Parcel 2 consistent with this Court's orders and in compliance with 28 U.S.C. § 2001(b) ("the Procedures Order"). [Doc. 255]. The Court instructed that it would hold a hearing on the proposed sale on April 12, 2021 at 10:00 a.m. via Zoom. In advance of that hearing, the Receiver was required to obtain three qualified appraisals of Parcel 2, announce the proposed sale and the Court's hearing on her website and in the *Clarion Ledger*, and consider any bona fide offers to purchase.

After notice and hearing, and after considering the submissions and argument of counsel, as well as testimony of the Receiver and three appraisers who appraised Parcel 2, the Court finds that the proposed sale is in the best interests of the Receivership Estate and authorizes and directs the Receiver to (1) finalize the proposed sale consistent with this Court's orders and in compliance with 28 U.S.C. § 2001(b), and (2) perform her various obligations under the Buy-Sell Agreement.

Accordingly, the Court hereby **ORDERS** as follows:

1. The Court finds that the Receiver obtained three qualified appraisals as required by 28 U.S.C. § 2001(b). She obtained appraisals from three different appraisers: Chris Wilson, Charles Byrd, and Harold Campbell, Jr. Each has experience in appraising real property comparable to and in the vicinity of Parcel 2 in Lafayette County, Mississippi, and each was deemed appointed by the Court for the purposes of 28 U.S.C. § 2001(b). Their appraisals were entered into the record as **Receiver's Exhibit 1** (Chris Wilson), **Receiver's Exhibit 2** (Charles Byrd), and **Receiver's Exhibit 3** (Harold Campbell).

2. The Court finds that the average appraised value of Parcel 2 as determined by the three court-appointed appraisers is $561,667.

Case 3:22-cv-00298-CWR-FKB Document 268 Filed 06/08/22 Page 6 of 9

3. The Court finds that the Receiver's proposal to sell Parcel 2 for $540,000, is more than two-thirds of the average appraised value as determined by the three court-appointed appraisers, as required by 28 U.S.C. § 2001(b). The Buy-Sell Agreement was entered into the record as **Receiver's Exhibit 5**.

4. The Court finds that the Receiver announced the proposed sale and the Court's hearing on her website, www.madisontimberreceiver.com, within three days of the entry of the Procedures Order.

5. The Court finds that the Receiver announced the proposed sale and the Court's hearing in the *Clarion Ledger*, a newspaper of general circulation, sufficiently in advance to allow ten days' notice as required by 28 U.S.C. § 2001(b). An affidavit attesting to publication for the required days and a copy of the advertisement was entered into the record as **Receiver's Exhibit 8**.

6. The Court finds that although the Receiver and her counsel invited bona fide offers of more than the proposed sale price as specified in the Buy-Sell Agreement, they did not receive any offers.

7. The Court finds that the Receiver has complied with all requirements of this Court's orders and 28 U.S.C. § 2001(b) applicable to the sale of Parcel 2.

8. The Court further finds that the proposed sale of Parcel 2 pursuant to the Buy-Sell Agreement [**Receiver's Exhibit 5**] is in the best interests of the Receivership Estate.

9. The Court authorizes and directs the Receiver to finalize the proposed sale of Parcel 2 pursuant to the Buy-Sell Agreement [**Receiver's Exhibit 5**] and to perform any and all obligations required of her pursuant to the Buy-Sell Agreement.

10. The Court authorizes and directs that title to Parcel 2 shall pass to the Buyer free and clear of any and all liens, encumbrances, mortgages, security devices, adverse claims, and obligations whatsoever, of any type or description, save and except servitudes that typically transfer with title to real property, such as servitudes of egress and ingress and servitudes of utilities. Notwithstanding the foregoing, the type of business and development that may be offered and constructed on Parcel 2 shall continue to be subject to Section 8 of the Warranty Deed, except as the language of Section 8 is specifically modified below.

11. Specifically, the Court authorizes and directs the Receiver to sell Parcel 2 to the Buyer free and clear of certain obligations purportedly imposed by the Warranty Deed dated September 23, 2016 that transferred title of Parcel 2 from Gary Property Management, LLC to Oxford Springs [**Receiver's Exhibit 4**], including in particular any adverse claims or obligations: (i) set forth in Section 7(a) pertaining to the construction of a roadway or boulevard, utility tie-ins and hookups, and the granting of an utility easement; (ii) set forth in Section 7(b) pertaining to the construction of fencing, installation and maintenance of landscaping, and the preparation and approval of a landscaping plan; (iii) set forth in Section 7(c) pertaining to the deadline for completion of the improvements set forth in Sections 7(a) and 7(b); (iv) the limitations on development in Section 8 that condition development on at least partial completion of the roadway across Parcel 2; and (v) set forth in Section 9 pertaining to the right of first refusal granted in form of Gary Property Management, LLC.

12. To further clarify, the obligations imposed by Section 7(a), 7(b), 7(c), and 9 of the Warranty Deed are stricken in their entirety. These provisions shall not encumber title to Parcel 2 and shall in no way be binding upon the Buyer and its successors and assigns. Section 8 of the Warranty Deed is amended by striking therefrom the following language only:

> As a material inducement to the sale of the Property and in further consideration of the Deed, Grantee agrees that there will be no residential or commercial development of the Property until such time as the roadway or boulevard contemplated by Section 7.a), above, has been completed by the construction and completion of at least two lanes accepted and approved by the appropriate governing authorities as a public or private right of way.

Other than this deleted language, all other provisions of Section 8 and Exhibit "B" referenced therein shall remain in full force and effect.

13. The Court finds that the Receiver's counsel provided notice of the proposed sale and the Procedures Order to all persons entitled to notice and that a copy of the Procedures Order and the Receiver's Motion for Order Regarding the Sale of Real Property were timely served upon Brad Walsh, Esq. as the registered agent of Gary Property Management, LLC. [**Receiver's Exhibits 6, 7**].

14. The Court finds that notice and service of the Procedures Order and the Receiver's motion were timely, proper, and complied in all respects with the Fourteenth Amendment to the United States Constitution.

15. Gary Property Management, LLC timely provided written notice of its claim that obligations that it asserts were formerly owed to it by Oxford Springs, LLC, and are now owed to it by the Receiver, are secured by an encumbrance on Parcel 2. Said encumbrance, if it exists, shall automatically attach to the sale proceeds of Parcel 2, and the Receiver shall hold said proceeds separate and apart from other assets of the Receivership Estate. The Receiver is directed to file appropriate pleadings to initiate proceedings to determine (1) whether Gary Property Management, LLC has a valid and enforceable claim of any type against the Receivership Estate; (2) if Gary Property Management, LLC has such a claim, the amount of such claim; and (3) whether all or any part of such a claim is secured by the proceeds of the Receiver's sale of Parcel 2.

16. The objection to the relief requested by the Motion for Reconsideration filed by Gary Property Management, LLC, [Doc. 257], is overruled in its entirety.

SO ORDERED, this the 28th day of April, 2021.

s/ Carlton W. Reeves
UNITED STATES DISTRICT JUDGE

Geotechnical Engineering
Hydraulic Engineering
Civil Engineering
Surveying

1776 North Lamar Boulevard
Oxford, MS 38655
oxford@pecorpms.com

PEC
PRECISION ENGINEERING CORPORATION
EST. 1976

Land Planning/Subdivisions
Road and Bridge Design
Utility System Design
Materials Testing

Phone 662-234-8539
Fax 662-234-8639
www.pecorpms.com

February 7, 2023

Mr. Brent Barriere
Fishman Haygood, LLP
201 St. Charles Avenue, 46th Floor
New Orleans, Louisiana 70170

RE: Opinion of Probable Roadway/Infrastructure Construction Cost
Oxford Springs (100 acre Tract)
Lafayette County, MS

Dear Mr. Barriere,

Precision Engineering Corporation (PEC) has been retained by Fishman Haygood LLP to act as an expert in connection with ongoing litigation.

PEC received from your office several documents related to the Mills vs Gary Property Management case including a copy of the recorded Complaint and several exhibits related to the master plans for Oxford Springs development in Lafayette County, MS. This letter is specifically intended to address the 100 acre parcel identified in Exhibit A. Exhibit B was utilized as a basis for assumptions related to the approximate roadway alignment and length. The attached Warranty Deed, recorded September 28, 2016 (Exhibit C), contains information and restrictions that were also specifically used to develop this report.

This letter and the accompanying exhibits are intended to represent my professional opinion of the probable construction cost associated with construction of the roadway in question. The estimated costs contained herein are based on my experience with similar developments in the Lafayette County area and recent pricing we have seen for this type of roadway/infrastructure construction in this area.

The following assumptions have been made as part of this evaluation:

1. The approximate length of the proposed roadway between MS Hwy 7 and Lafayette County Road 204 is 4,800 linear feet
2. The roadway consists of 4 travel lanes (2 lanes in each direction) with a center turn lane for approximately 20% of the length of the overall roadway. It is assumed that 80% of the overall roadway length has a grassed boulevard median separating the travel lanes.
3. The roadway is constructed with concrete curb and gutter along all travel lanes
4. The roadway has a 5 foot wide concrete sidewalk along both sides
5. The roadway is paved with 5.5" of hot-mix bituminous asphalt underlain by 8" of crushed limestone base
    a. This is also applicable to the turn lanes along the roadway
6. A subsurface storm water collection system is installed along the full length of the roadway with associated curb inlets.
7. A 10" C900 PVC water main is installed along the full length of the roadway with as

EXHIBIT
tabbies
F

Geotechnical Engineering
Hydraulic Engineering
Civil Engineering
Surveying

1776 North Lamar Boulevard
Oxford, MS 38655
oxford@pecorpms.com

CIVIL • CONSULTING • GEO
PEC
PRECISION ENGINEERING CORPORATION
EST. 1976
LAND SURVEYORS

Land Planning/Subdivisions
Road and Bridge Design
Utility System Design
Materials Testing

Phone 662-234-8539
Fax 662-234-8639
www.pecorpms.com

hydrants spaced at 400 feet and up to 6-8" stub outs provided along the roadway for future connections
   a. This estimate assumes there is a water source with sufficient capacity to serve the development that can be connected to the onsite water main at MS Hwy 7 and/or Laf. County Road 204.

8. A 10" PVC gravity sanitary sewer line is installed along the full length of the roadway with associated manholes spaced at an average of 250 feet and up to 6-8" stub outs provided along the roadway for future connections.
   a. This estimate assumes there is a sanitary sewer collection system available to connect to at MS Hwy 7 and/or Laf. County Road 204 with sufficient capacity to serve the development.
9. Due to the undulating terrain across the site it is assumed that this project would require 2 sanitary sewer lift stations to collect the sanitary sewer at natural low areas within the site and pump the sanitary sewer to a collection point at MS Hwy 7 and/or Laf. County Road 204.
   a. This estimate assumes there is a sanitary sewer collection system available to connect to at MS Hwy 7 and/or Laf. County Road 204 with sufficient capacity to serve the development
10. Underground electrical primary service is run along the full length of the roadway along with typical street lights at a spacing of approximately 200 feet.
   a. This estimate assumes there is an electrical source available to connect to at MS Hwy 7 or Laf. County Road 204 with sufficient capacity to serve the development
11. This estimate includes the cost of clearing and grubbing along the roadway alignment. It has been assumed that an average width of 120 feet would be cleared along the full length of the roadway.
12. This estimate includes the cost of mass grading along the roadway. It has been assumed that an average depth of excavation of 10 feet for a width of 120 feet along the full length of the roadway would be required to construct the roadway.
13. This estimate includes the effort required to install erosion control measures throughout construction of the roadway/infrastructure

Based on the assumptions outlined above, my opinion of the probable construction cost for the roadway connection between MS Hwy 7 and Laf. County Road 204 to be approximately $5,717,060.

Also indicated on Exhibit B (prepared by others) is a turn lane to be constructed along MS Hwy 7 to improve access into the development. Based on recent experience my opinion of the probable construction cost for this turn lane is approximately $650,000.

In addition, the copy of the Complaint provided by your office indicated that a fence be constructed along the southern border described as a "…livestock containment type, either barbed-wire or hog wire." My measurements indicate the length of southern boundary to be approximately 3,500 feet. Based on this information my opinion of the cost to construct this fence is approximately $105,000.

Another item outlined in the Complaint is the installation of landscaping along the southern property border. There is no detail outlining what this landscaping would consist of but I assume the intent is to provide some sort of buffer. I have assumed evergreen trees would be planted along the full 3,500 foot border at a spacing of 20 feet per tree which would equate to 175 trees. My opinion of the cost to purchase and plant these trees is $26,250.

EXHIBIT I

Case 3:22-cv-00296-CWR-BWR Document 26-10 Filed 05/02/23 Page 3 of 15

Geotechnical Engineering
Hydraulic Engineering
Civil Engineering
Surveying

1776 North Lamar Boulevard
Oxford, MS 38655
oxford@pecorpms.com

PEC
PRECISION ENGINEERING CORPORATION
EST. 1976

Land Planning/Subdivisions
Road and Bridge Design
Utility System Design
Materials Testing

Phone 662-234-8539
Fax 662-234-8639
www.pecorpms.com

Estimating fees for Professional Design Services for a project of this type can be challenging. Typically, there would be a design team that could, and likely would, include Urban Planners, Architects, Landscape Architects, Civil Engineers, etc. With respect to Professional Design Services specifically related to the civil engineering design fees associated with the scope of work outlined above, I would estimate approximately 5% of the overall construction cost ($6,498,310) which would equate to civil engineering design fees of approximately $324,915.

It should be noted that this estimate does not include other soft costs such permitting fees (Corps of Engineers or otherwise), construction layout, construction materials testing, etc. The costs outlined above are strictly related to actual design and construction cost of the assumed scope of work as described.

Please contact me if you have any questions.

Sincerely,

Paul Koshenina, P.E.
President/CEO
Precision Engineering Corporation

EXHIBIT I