

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

October 9, 2023

/s/ Brent B. Barriere

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
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Plaintiff,

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Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

October 9, 2023

/s/ Brent B. Barriere

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
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Plaintiff,

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Hon. Bradley W. Rath, Magistrate Judge

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No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

Exhibit 3

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on **November 6, 2023 at 10:00 a.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201**. The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement (the “Settlement Agreement”) are: Plaintiff, Alysson Mills, solely in her capacity as the court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (“MTP”) (the “Receiver”); and Defendant BankPlus, a bank organized and existing under Mississippi law (“BP”); Defendant BankPlus Wealth Management, LLC, a limited liability company organized and existing under Mississippi law (“BPWM”); Defendant Eloise (“Gee Gee”) Moore Strain Patridge; Defendant Stewart Patridge; and Defendant Jason Cowgill (collectively, the “BP Defendants”); and Defendant Federal Insurance Company (“Federal”) and Defendant Continental Casualty Company (“Continental”). The Receiver and Defendants will be referred to individually as a “Party” and together as the “Parties.”

RECITALS

The Recitals to this Agreement are:

A. On April 20, 2018, the United States Securities and Exchange Commission (the “SEC”) initiated *SEC v. Adams*, Case No. 3:18-cv-252-CWR-FKB (now Case No. 3:18-cv-00252-CWR-BWR) (the “SEC Action”), alleging that Adams and MTP and others affiliated with them (“MTP” as defined below) committed securities fraud by operating a Ponzi scheme (SEC Action ECF No. 3).

B. In an April 20, 2018 order in the SEC Action (ECF No. 5), the United States District Court for the Southern District of Mississippi (i) froze and enjoined MTP from disposing of the assets, and other tangible and intangible monies and property, as further set forth in that order, of MTP and all entities they owned or controlled as of April 20, 2018, and (ii) enjoined MTP from destroying or otherwise disposing of the books and records, accounts, statements, and other

documents which reflect MTP's business activities or the transactions described in the SEC Action complaint.

C. In a June 22, 2018 order (SEC Action ECF No. 33), the Court appointed Alysson Mills Receiver for the Receivership Assets and the Receivership Records (collectively, the "Receivership Estate") with all powers of a Receiver at equity under common law as well as those powers enumerated in that order, as amended by orders in that same matter of August 8, 2018 (SEC Action ECF No. 38), September 20, 2018 (SEC Action ECF No. 44) and May 17, 2019 (SEC Action ECF No. 154) (collectively, the "Receivership Orders").

D. The Receivership Orders vested the Receiver with the general power and duty, among other things "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 ". . . to 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 . . ." and ". . . to take such other action as may be approved by this Court." SEC Action ECF No. 33 at 9.

E. Alysson Mills has served as Receiver continuously since her appointment.

F. On March 20, 2019, the Receiver filed her original complaint against the BP Defendants and others alleging claims for (i) civil conspiracy with MTP and others; (ii) aiding and abetting the MTP's and others' breaches of duties to MTP; (iii) recklessness, gross negligence, and negligence in their dealings with MTP and others; (iv) fraudulent transfers against Stewart Patridge, Cowgill and others; (v) violation of Mississippi's Racketeer Influenced and Corrupt Organization Act ("RICO") against BP; (vi) negligent retention and supervision against BP and BPWM and others not party to this Agreement; and (vii) for BP's vicarious liability for BPWM.

Mills v. BankPlus, Case No. 3:19-cv-00196-CWR-BWR (S.D. Miss.) ECF No. 1 (the “BP Litigation”).

G. The then-BP Defendants and others not party to this Agreement filed motions to dismiss the original complaint.

H. On March 31, 2020, the Court stayed the BP Litigation pending the Court’s resolution of motions to dismiss in a related case. BP Litigation ECF text only order 03/31/20.

I. On January 4, 2021, the Receiver filed an amended complaint asserting the same claims described in Paragraph F above but adding Federal and Continental as Defendants in a claim for judgment declaring that the BP Policies covered BP, BPWM and their agents. BP Litigation ECF No. 71.

J. Most of the BP Defendants and others filed motions to dismiss the amended complaint: (i) BP and BPWM on January 19, 2021; (ii) Cowgill on January 19, 2021; (iii) Gee Gee Patridge on February 2, 2021; and (iv) Federal and Continental on March 19, 2021 (including an alternative motion to stay). BP Litigation ECF Nos. 80, 90, and 110.

K. On July 8, 2021, the Court granted in part the motions to dismiss without prejudice the Receiver’s RICO claim, and stayed the claims against Federal and Continental, but denied the rest of the BP Defendants’ motions to dismiss. BP Litigation ECF No. 123.

L. The BP Defendants, Federal, and Continental expressly deny any and all allegations of wrongdoing, fault, liability, or damages and enter into this Agreement solely to avoid the burdens, substantial expenses, and risks of litigation.

M. The Receiver has conducted an investigation into the facts and the law relating to the BP Litigation and, after considering the results of that investigation, ongoing litigation of the claims against the BP Defendants, Federal, and Continental, and the benefits of this Agreement,

as well as the burdens, expenses, and risks of litigation, has concluded that a settlement with the BP Defendants, Federal, and Continental under the terms set forth below is fair, reasonable, adequate, and in the best interests of the Receivership Estate, the Interested Parties (defined below), and all Persons (defined below) affected by MTP or entitled to make claims against the Receivership Assets, and has agreed to enter into the Settlement and this Agreement and to use her best efforts to effectuate the Settlement and this Agreement.

N. The Parties desire to compromise fully, finally, and forever and to effect a global settlement and discharge of all claims against the BP Defendants arising from or in any way related to MTP, Adams, and their affiliates (the “MTP-Related Claims”).

O. The Parties have engaged in extensive, good-faith, and arm’s-length negotiations leading to this Agreement, including participation in lengthy settlement conferences and mediation proceedings conducted by United States Magistrate Judge Keith F. Ball.

P. Absent approval of this Settlement, the BP Litigation will likely take many more years and cost millions of dollars to litigate to final judgment and through appeals, and the outcome of all that litigation would have been uncertain.

Q. In *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883 (5th Cir. 2019), the Fifth Circuit affirmed approval of a settlement conditioned on the entry of bar orders enjoining suits filed against the settling defendants in that litigation substantively similar to the Partial Final Judgment and Bar Order attached as Exhibit A.

R. The Receiver has reviewed and approved this Agreement and the terms of the Settlement, as evidenced by her signature to this Agreement.

AGREEMENT

I. Agreement Date

1. This Agreement shall take effect once all Parties have signed the Agreement as of the date of the last signature to the Agreement (the “Agreement Date”).

II. Terms Used in this Settlement Agreement

The terms used in this Agreement and the Partial Final Judgment and Bar Order and defined below, have the following meanings:

2. “Bar Order” means an order entered in the SEC Action and the BP Litigation including findings under Federal Rule of Civil Procedure 54(b) and in substantially the form of the Partial Final Judgment and Bar Order attached as Exhibit A. The entry of a Bar Order in the substantially the form attached as Exhibit A (i) prohibiting any and all other Persons (including but not limited to Claimants) from pursuing claims against any of the BP Defendants related to MTP and from pursuing claims against any of the BP Carriers related to the BP Policies, and (ii) channeling all claims of Interested Parties related to MTP through the Receivership Estate, is an integral and essential part of this Settlement, and an essential condition to any obligation for the BP Defendants and the BP Carriers to perform under this Settlement Agreement. The Settlement would not have occurred, and will not be consummated, absent entry of a Bar Order that becomes Final.

3. “Claim” means a Person’s alleged, potential or asserted right to receive (i) funds from the Receivership Estate; (ii) the funds and assets subject to the authority of the Receiver; (iii) funds from the BP Defendants, arising from alleged harm, injury, losses or damages sustained by any Person as a result of the MTP Ponzi scheme or MTP’s related conduct and actions; or (iv) funds from the BP Carriers, arising from or related to the BP Policies and alleged harm, injury,

losses or damages sustained by any Person as a result of the MTP Ponzi scheme or MTP's related conduct and actions. "Claim" includes, but is not limited to, potential or asserted rights arising from or related to MTP Investments. "Claim" includes any and all claims that MTP Investors may have against the BP Defendants related in any way to MTP.

4. "Claim(s) Assigned to Receiver" means any Claim against the BP Defendants that has been assigned in writing to the Receiver by any Interested Person.

5. "Claimant" means any Person who has submitted a Claim to the Receiver, including persons whose Claims are derivative or beneficial through Claims submitted by or through other Persons. Where a Claim has been transferred or assigned to a third party and that transfer has been acknowledged by the Receiver, the transferee is a Claimant, and the transferor is not a Claimant unless the transferor has retained a Claim that has not been transferred.

6. "Distribution Plan" means the plan approved by the Court for the distribution of the Settlement Amount (net of any attorneys' fees or costs that are awarded by the Court) to Claimants whose Claims the Receiver has allowed.

7. "Final" means unmodified after the conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, or review, judicial or otherwise, including by a court or Forum of last resort, wherever located, whether automatic or discretionary, whether by appeal or otherwise. The Bar Order shall include findings under Federal Rule of Civil Procedure 54(b) and will become Final as set forth in this paragraph as though that order was entered as a judgment at the end of a case, and the continuing pendency of the SEC Action, BP Litigation, or any other litigation or other dispute shall not be construed as preventing that Bar Order from becoming Final.

8. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

9. “Hearing” means a formal proceeding in open court before the Court.

10. “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

11. “MTP” means Arthur Lamar Adams; Madison Timber Properties, LLC; Madison Timber Company; Wayne Kelly; known and unknown agents of the foregoing; and any entity of any type owned, controlled by, or affiliated with Arthur Lamar Adams on or before April 20, 2018.

12. “MTP Investor” means any Person who directly or indirectly invested money in the MTP Ponzi scheme, whether by purchasing promissory notes or securities or otherwise, whether individually or through a collective group or legal entity such as a partnership, limited liability company, limited liability company, corporation, trust, or joint venture.

13. “MTP Investment” means any investment of money in the MTP Ponzi scheme, including purchase of securities or promissory notes or otherwise, through which any Person claims or has claimed to be entitled to receive payments of money from MTP.

14. “Person” means any natural person or legal entity capable under the law of possessing or enforcing rights, including but not limited to any juridical person, legal entity, company, corporation, partnership, joint venture, trust, governmental authority, estate, guardian, agency or quasi-governmental person, regardless of location, residence, or nationality.

15. “Receiver” includes the Receiver and all of her counsel.

16. “Releasor” means any Person granting a release of a Settled Claim, including any Person whose Settled Claim is released by another Person acting with authority to do so.

17. “Settled Claim” means any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity against the BP Defendants that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the BP Litigation; (ii) any promissory note or investment of any type associated with MTP or any of their affiliates; (iii) the BP Defendants’ relationships with MTP or their affiliates; (iv) the BP Defendants’ provision of services to or for the benefit of or on behalf of MTP or any of their affiliates; or (v) any matter asserted in, that could have been asserted in, or that relates to the subject matter of the SEC Action, or any proceeding concerning MTP or any of their affiliates pending or commenced in any Forum and any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity against the BP Carriers that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with the BP Policies and (i) the BP Litigation; (ii) any promissory note or investment of any type associated with MTP or any of their affiliates; (iii) the BP Defendants’ relationships with MTP or their affiliates; (iv) the BP Defendants’ provision of services to or for the benefit of or on behalf of MTP or any of their affiliates; or (v) any matter asserted in, that could have been asserted in, or that relates to the subject matter of the SEC Action, or any proceeding concerning

MTP or any of their affiliates pending or commenced in any Forum. “Settled Claims” specifically includes, without limitation, all claims each Releasor does not know or suspect to exist in his favor at the time of release, which, if known by that Person, might have affected his decisions with respect to this Agreement and the Settlement (“Unknown Claims”). Each Releasor expressly waives, releases, and relinquishes any and all provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, that governs or limits the release of unknown claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
THAT THE CREDITOR OR RELEASING PARTY DOES NOT
KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
THE TIME OF EXECUTING THE RELEASE AND THAT, IF
KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.

Each Releasor acknowledges that he may hereafter discover facts different from, or in addition to, those that Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Agreement, including the releases granted in it, will remain binding and effective in all respects notwithstanding that discovery. Unknown Claims include contingent and non-contingent claims, whether concealed or hidden, and without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential element of this Settlement Agreement and the Settlement.

18. “Settlement” means the agreed resolution of the Settled Claims in the manner set forth in this Settlement Agreement.

19. “Settlement Amount” means \$6,500,000.00 in United States currency.

20. “Settlement Effective Date” shall mean seven (7) business days after the Bar Order becomes Final. However, as between the Parties, this Agreement shall be effective once it is

executed by the BP Defendants, the BP Carriers, and the Receiver and will remain effective until one or more of the Parties withdraws from the Agreement pursuant to any provision of this Agreement that permits withdrawal.

21. “BP” includes BankPlus and BPWM and their counsel and also includes each of their respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

22. “BP Carriers” includes Federal Insurance Company (“Federal”) and Continental Casualty Company (“Continental”), together with their respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest, but solely in their capacity as insurers of any NAMED INSURED, INSURED or INSURED PERSON under the BP Policies.

23. “BP Policies” means any policy of insurance issued by either of the BP Carriers under which BancPlus Corporation, BP, BPWM, Gee Gee Patridge, Jason Cowgill, Stewart Patridge, or Martin Murphree is a NAMED INSURED, INSURED, or an INSURED PERSON.

24. “Taxes” means any and all taxes, whether federal, state, local, or other taxes related to the Settlement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

III. Delivery of Settlement Amount

25. Stay of the BP Litigation: Within three (3) business days of the Agreement Date, the Receiver and Defendants shall file joint motions in the BP Litigation to stay the BP Litigation as to all Parties, including a request to vacate all scheduling orders as to the BP Defendants and BP Carriers, pending a final determination concerning approval of the Settlement and the Bar Order.

26. Delivery of Settlement Amount: Within five (5) business days after the Settlement Effective Date, the Receiver shall provide to BP’s counsel an Internal Revenue Service form W-9 and wiring instructions for payment of the Settlement Amount to the Receiver. Thereafter, if and to the extent BP needs additional information to allow BP to execute the wire transfer of the Settlement Amount to the Receiver, then the Receiver agrees to make reasonable efforts to provide that information. Within ten (10) business days after the later of the Settlement Effective Date or receipt of the wiring instructions for payment of the Settlement Amount to the Receiver, BP shall deliver or cause to be delivered the Settlement Amount to the Receiver.

27. Dismissal of the BP Litigation: Within ten (10) business days after receipt of the Settlement Amount, the Receiver shall file with the Court an agreed motion to dismiss fully and finally with prejudice, without costs or attorneys’ fees, all claims against all BP Defendants and BP Carriers in the BP Litigation.

IV. Use and Management of Settlement Amount

28. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver, the Receiver shall receive and take custody of the Settlement

Amount and shall be solely responsible for preparing, seeking approval of, and implementing the Distribution Plan including, without limitation, receiving, managing, and disbursing the Settlement Amount, in accordance with the Court's orders. The Receiver shall be responsible for all Taxes, fees, and expenses that may be due with respect to the Settlement Amount or the management, use, administration, or distribution of the Settlement Amount. In connection with any distribution of the Settlement Amount, the Receiver shall remind, in writing, any recipient of any distribution of the Settlement Amount of the scope and effect of the Bar Order; otherwise, the Receiver owes no duties to the BP Defendants or BP Carriers in connection with the distribution of the Settlement Amount or the Distribution Plan, and if the Receiver complies with this Agreement and all orders issued by the Court, the BP Defendants and BP Carriers may not assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the Receivership Estate be liable for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

29. No Liability: The BP Defendants and BP Carriers shall have no responsibility, obligation, or liability whatsoever with respect to the administration of the Settlement; the management, investment, or distribution of the Settlement Amount or any other funds paid or received in connection with the Settlement; the payment or withholding of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the terms, interpretation, or implementation of the Distribution Plan; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or this Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred

in connection with any of the foregoing matters. Nothing in this paragraph shall alter BP and Continental's obligations to deliver the Settlement Amount to the Receiver pursuant to the terms of this Settlement Agreement.

V. Motion for Approval of Settlement and Bar Order, and Form and Procedure for Notice

30. Motion and Notice: No later than seven days after this Settlement Agreement's execution by all Parties, the Receiver shall file a motion ("the Motion") substantially in the form attached as Exhibit B that requests that, after notice and hearing, the Court enter an order approving this Settlement Agreement and the Bar Order required by Paragraph 2 of this Agreement. The Motion shall include: (a) a copy of this Settlement Agreement, with Exhibits; (b) a proposed Order Setting Hearing that instructs the Receiver to provide notice of this Settlement Agreement and the Bar Order to all Interested Parties as defined in this Settlement Agreement, (i) by sending them a detailed description of the Claims, the Settlement, the Bar Order, and their rights to appear and participate at the Hearing on the Motion, in a document acceptable to the BP Defendants and the BP Carriers (the "Notice"), by United States Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records; (ii) in addition, by sending a copy of the Notice to all Interested Parties via email, to the extent the Receiver is aware of their email addresses; and (iii) by prominently posting the Notice, the Settlement Agreement, the Proposed Partial Final Judgment and Final Bar Order, and all Court filings related to the Settlement on the Receiver's website, www.madisontimberreceiver.com. In addition, the Receiver shall provide the same Notice, by United States Mail, First Class postage prepaid, and by email, to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.

31. The Receiver Shall Be Solely Responsible for Notice: The Receiver shall be solely responsible for the preparation and dissemination of notice as directed by the Court. In the absence

of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Agreement or a court order, no Interested Party or any other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the notice process. In the case of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Agreement or a court order, the BP Defendants and the BP Carriers shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the notice process.

32. No Recourse Against the BP Defendants or BP Carriers: No Interested Party or any other Person shall have any recourse against the BP Defendants or BP Carriers with respect to any claims that may arise from or relate to the notice process.

33. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Settlement Agreement and to advocate for and encourage the Court to apply the releases and Bar Order to as broad a population as possible.

34. No Challenge: No Party shall challenge the approval of the Settlement, and no Party will encourage or assist any Interested Party in challenging the Settlement.

VI. Rescission if the Settlement is Not Finally Approved, or the Bar Order is Not Entered

35. Right to Withdraw: The Parties represent and acknowledge each of the following terms was necessary and essential to the Parties' agreement to this Settlement and this Agreement, and that the Settlement would not have been reached in the absence of these terms: (a) Court approval of the Settlement and the terms of this Agreement without material modification or limitation; (b) entry by the Court of the Bar Order in the SEC Action in substantially the form attached as Exhibit A, which will be cross-filed in the BP Litigation; (c) all these approvals and orders becoming Final, pursuant to Paragraphs 2, 7, 20 and 27 of this Agreement; and (d) the

subsequent final dismissal with prejudice of all claims against the BP Defendants and BP Carriers in the BP Litigation. If the Court refuses to provide the approvals described in (a); if the Court refuses to enter the Bar Order described in (b) without material modification; if the final result of any appeal from the approvals and order described in (a) or (b) is that any of the approvals or order are not affirmed in their entirety and without material modification or limitation; or if the claims against the BP Defendants and BP Carriers in the BP Litigation are not dismissed fully and finally with prejudice, then any of the Receiver, the BP Defendants and the BP Carriers have the right to withdraw agreement to the Settlement and to this Agreement by providing to all other Parties written notice of that withdrawal within fourteen (14) days of the order or judicial determination giving rise to the right to withdraw. The effective date of the withdrawal will be twenty-one (21) days after the notice of same, during which time the Parties agree to work together in good faith to attempt to negotiate an alternative settlement.

36. Effectiveness of Bar Order: If, before the Settlement Effective Date, the United States Supreme Court or the United States Court of Appeals for the Fifth Circuit issues any opinion or order in any case that renders the Bar Order ineffective as to claims of third parties, including but not limited to claims of MTP Investors, then the BP Defendants and BP Carriers shall have the right to withdraw from this Settlement Agreement and the Settlement.

37. In the event that any Party withdraws its agreement to the Settlement or this Agreement pursuant to Paragraph 35 or 36, this Agreement will be null and void and of no further effect whatsoever, shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except for the provisions of Paragraphs 35 and 36 and this paragraph, which shall survive), and shall not be the subject or basis for any claims or defenses by any Party against any other Party other than to enforce the surviving terms of this Agreement. If any Party withdraws

from this Agreement pursuant to the terms of Paragraph 35 or 36, then each Party shall be returned to that Party's respective position immediately prior to such Party's execution of the Agreement except as set forth in the surviving terms of this Agreement listed in Paragraph 38.

38. The Parties do not have the right to withdraw from, or otherwise terminate, the Agreement for any reason other than the reasons identified in Paragraph 35. The following paragraphs of this Agreement shall survive termination due to withdrawal from the Settlement Agreement: 35, 36, 37, 38 and 46.

VII. Releases and Covenant Not to Sue

39. Release of the BP Defendants and the BP Carriers: Upon date of the receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP), fully, finally, and forever releases, relinquishes, and discharges, with prejudice, all Settled Claims against the BP Defendants and the BP Carriers.

40. Release of the Receiver: As of the Settlement Effective Date, the BP Defendants and the BP Carriers fully, finally and forever release, relinquish, and discharge with prejudice all Settled Claims against the Receiver.

41. No Release of Obligations Under Settlement Agreement: Notwithstanding anything to the contrary in this Agreement, the releases and covenants contained in this Agreement do not release the Parties' rights and obligations under this Agreement or the Settlement, nor do they bar the Parties from enforcing or effectuating this Agreement or the Settlement.

42. Covenant Not to Sue: As of the date of receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP), covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute, directly or indirectly, or through a third party, against any of the BP

Defendants or BP Carriers any lawsuit, investigation, demand, or other proceeding, whether individually, derivatively, on behalf of, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Effective as of the Agreement Date, the BP Defendants and BP Carriers covenant not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against the Receiver any lawsuit, investigation, demand, or other proceeding, directly or indirectly, or through a third party, whether individually, derivatively, on behalf of, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Agreement.

VIII. Representations and Warranties

43. No Assignment, Encumbrance, or Transfer: The Receiver represents and warrants that she is the owner of the Settled Claims that she is releasing under this Agreement and she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that she is releasing under this Agreement. The BP Defendants and BP Carriers represent that they are the owners of the Settled Claims that they are releasing under this Agreement and that they have not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that they are releasing under this Agreement.

44. Claims Assigned to Receiver. The Receiver represents and warrants that the assignments produced confidentially in the BP Litigation as documents Bates numbered MTR_00354875-5530 (i) are true and correct copies of the instruments executed to reflect the

Claims Assigned to Receiver, as that term is defined in Paragraph 4; (ii) accurately reflect and include all Claims Assigned to Receiver; and (iii) have not been revoked or cancelled.

45. Authority: Each person executing this Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the Person each represents and that each has the authority to take appropriate action required or permitted to be taken pursuant to this Agreement to effectuate its terms.

IX. No Admission of Fault or Wrongdoing

46. The Settlement, this Agreement, and the negotiation and mediation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession of any violation of any statute, liability, or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the Complaints, claims, allegations, or defenses asserted or that could have been asserted in the SEC Action, the BP Litigation, or any other proceeding relating to any Settled Claim, or any other proceeding in any Forum. The Settlement and this Agreement are a resolution of disputed claims to avoid the risk and substantial expense of protracted litigation. The Settlement, this Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the SEC Action, the BP Litigation, or in any other proceeding, other than to enforce the terms or intent of the Settlement and this Agreement or to defend against or facilitate a dismissal of any other proceeding against Defendants.

X. Non-Disparagement

47. In connection with the Settlement and this Agreement, the Receiver and her counsel shall not make, disseminate, or publish any statement outside of court, including a statement in the press, or on the Receiver's website or social media, that would denigrate or embarrass the BP Defendants or the BP Carriers, or that is otherwise negative or derogatory towards the BP

Defendants or the BP Carriers. Nothing in this paragraph shall prevent the Receiver or her counsel from reporting the Receiver's activities to the Court or the SEC; from responding as necessary to inquiries from the Court or other governmental authorities; or from carrying out any of the Receiver's duties under any order addressing the scope of the Receiver's duties. Any violation of the terms of this paragraph shall not be a basis to withdraw from the Agreement. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

48. In connection with the Settlement and this Agreement, the BP Defendants, the BP Carriers, and the Named Executive Officers of BancPlus Corporation, BP and BPWM shall not make, disseminate, or publish any statement outside of court, including a statement in the press, which would denigrate or embarrass the Receiver. Nothing in this paragraph shall prevent any of the BP Defendants or the BP Carriers from reporting their activities to the Court; from responding as necessary to inquiries from the Court or other governmental authorities; from taking any step they believe, in their sole and absolute discretion, is necessary to enforce the Settlement or this Agreement; from responding to any request for discovery in any other litigation related to MTP or any subpoena; or from discussing the Settled Claims, the Settlement, and this Agreement with its own officers, shareholders, employees, affiliates, current and potential insurers, insurance brokers, regulators, lawyers, auditors or accountants. Notwithstanding the foregoing, however, the BP Defendants and BP Carriers do not have a duty to cooperate in responding to discovery requests and/or trial subpoenas (except as required by law) in the SEC Action, or in any other action relating to the MTP Ponzi scheme. Any violation of the terms of this paragraph shall not be a basis to withdraw from the Agreement. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

XI. Miscellaneous

49. Final and Complete Resolution: The Parties intend this Agreement and the Settlement to be and constitute, to the greatest extent possible, a final and complete resolution of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and (2) the BP Defendants on the other hand, as well as a final and complete resolution of all matters and disputes arising out of or relating to the BP Policies, and this Agreement, including its exhibits, shall be interpreted to effectuate this purpose.

50. Binding Agreement: As of the Agreement Date, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns. No Party may assign any of its rights or obligations under this Agreement without the express written consent of the other Parties.

51. Incorporation of Recitals: The Recitals contained in this Agreement are essential terms of this Agreement and are incorporated here for all purposes.

52. Disclaimer of Reliance: In executing this Agreement, the Parties unequivocally represent, acknowledge, and state that they were represented by counsel in the negotiation and formation of this Agreement, which negotiation was conducted by the Parties at arm's length, and the Parties are relying solely upon each Party's own independent knowledge, understanding, and investigation of the matters pertinent to this Agreement and have not seen, heard, or relied upon any promises, statements, representations, covenants, or warranties, whether written or oral, express or implied, made by one another or by any representative or other Person or entity and that no Party had any duty to make any disclosures, except to the extent expressly stated in this Agreement. The Parties hereby waive, release, and disclaim any right or ability to seek to revoke, rescind, vacate, or otherwise avoid the operation and effect of this Agreement on the basis of any alleged fraudulent inducement, misrepresentation, or material omission by any of the undersigned

or their representatives, or on the basis of mutual or unilateral mistake of fact or law, or newly discovered information, and acknowledge that they are completely satisfied with this settlement, as reflected in this Agreement.

53. Third-Party Beneficiaries: This Agreement is not intended to and does not create rights enforceable by any Person other than the Parties as defined in this Agreement (or their respective heirs, executors, administrators, successors, and assigns, as provided in Paragraph 50 of this Settlement Agreement).

54. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Agreement, that no Party should or shall be deemed the drafter of this Agreement, and that any rule, presumption, or burden of proof that would construe this Agreement, any ambiguity, or any other matter against the drafter shall not apply and is waived. The Parties enter into this Agreement freely, after good-faith, arm's-length negotiation, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Agreement are for convenience only, are not part of this Agreement, and shall not bear on the meaning of this Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The words "and" and "or" shall be interpreted broadly to have the most inclusive meaning, both conjunctive and disjunctive. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. "Any" shall be understood to include and encompass "all," and "all" shall be understood to include and encompass "any."

55. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Agreement or the Settlement,

including the Bar Order, the Parties agree to cooperate with each other, including using reasonable efforts to make documents or personnel available as needed to defend any challenge. Further, the Parties shall reasonably cooperate to defend and enforce the Bar Order required under Paragraphs 2, 7, 20 and 27 of this Agreement.

56. Avoidance of Unnecessary Expense and Burdens for BP Defendants and BP Carriers: The Receiver will take all reasonable measures to refrain entirely from conducting discovery of the BP Defendants and BP Carriers in other ongoing litigation and proceedings, and if such discovery is required, the Receiver will undertake to minimize the burden on the BP Defendants and BP Carriers.

57. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

To Defendants:

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576 Highland Colony Parkway, Suite 210 (39157)
Ridgeland, MS 39158
Direct: 601-427-7535
Laura.Givens@mgclaw.com
Bobby.Thompson@mgclaw.com

Stewart Patridge

J. Walter Newman, IV
NEWMAN & NEWMAN
587 Highland Colony Parkway
Ridgeland, MS 39157
601-948-0586
Wnewman95@msn.com

Jason Cowgill

Joseph Miles Forks
Timothy M. Peebles
Wilton V. Byars, III
DANIEL, COKER, HORTON & BELL, PA - Oxford
P. O. Box 1396
265 N. Lamar Blvd., Suite R
Oxford, MS 38655-1396
Mforks@danielcoker.com
Tpeeples@danielcoker.com
Wbyars@danielcoker.com

**Federal Insurance Company
Defendant**

Steven J. Brodie
CARLTON FIELDS, PA
2 Miami Central 700 NW 1st Avenue, Suite 1200
Miami, FL 33136-4118
Direct: 305-539-7302
Cell: 305-205-6005
Sbrodie@carltonfields.com

Continental Casualty Company

John A. Banahan
BRYAN, NELSON, SCHROEDER, CASTIGLIOLA & BANAHAN
P. O. Drawer 1529
1103 Jackson Avenue (39567)
Pascagoula, MS 39568-1529
John@bnsccb.com

To Receiver:

Alysson Leigh Mills
650 Poydras Street, Suite 1525
New Orleans, LA 70130
alysson@alyssonmills.com

Brent B. Barriere
Kaja S. Elmer
FISHMAN HAYGOOD, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170-4600
Bbarriere@fishmanhaygood.com
kelmer@fishmanhaygood.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

58. Choice of Law: This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to the choice-of-law principles of Mississippi or any other jurisdiction.

59. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to the Settlement or this Agreement, including breach, interpretation, effect, or validity of this Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Southern District of Mississippi, Northern Division. Solely with respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

60. Costs to Enforce Agreement: If any action is brought to enforce the Settlement or this Agreement, the prevailing party shall be entitled to an award of costs and reasonable attorneys' fees.

61. United States Currency: All dollar amounts in this Agreement are expressed in United States dollars.

62. Timing: If any deadline imposed by this Agreement falls on a non-business day, then the deadline is extended until the next business day.

63. Waiver: The waiver by a Party of any right or breach of this Agreement by another Party shall not be deemed a waiver of any other right or prior or subsequent breach of this Agreement. Any waiver by a Party of any right or breach of this Agreement by another Party must be in writing and signed by all Parties.

64. Exhibits: The exhibits annexed to this Agreement are incorporated by reference as though fully set forth in this Agreement.

65. Integration and Modification: This Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Neither this Agreement, nor any provision or term of this Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

66. Counterparts and Signatures: This Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument. A signature delivered by fax or other

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC



Date: October 9, 2023

BankPlus
BankPlus Wealth Management, LLC

Date: _____

Eloise (“Gee Gee”) Moore Strain Patridge

Date: _____

Stewart Patridge

Date: _____

Jason Cowgill

Date: _____

Federal Insurance Company

Date: _____

Continental Casualty Company


Date: _____

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-appointed Receiver for the estates of Arthur Lamar Adams and Madison Timber Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC


BY ROBERT G. MCKELVEY, JR.

Date: 10/06/2023

Eloise ("Gee Gee") Moore Strain Patridge

Date: _____

Stewart Patridge

Date: _____

Jason Cowgill

Date: _____

Federal Insurance Company

Date: _____

Continental Casualty Company

Date: _____

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC

Date: _____

Eloise ("Gee Gee") Moore Strain Patridge

Date: _____

Stewart Patridge

Date: _____

Jason Cowgill

Date: _____

Federal Insurance Company

Date: 10/6/2023

Continental Casualty Company

Date: _____

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC

Date: _____

Eloise ("Gee Gee") Moore Strain Patridge

Date: _____

Stewart Patridge

Date: _____

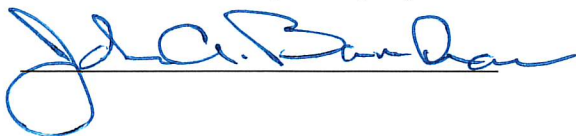
Jason Cowgill

Date: _____

Federal Insurance Company

Date: _____

Continental Casualty Company



Date: Oct. 8, 2023

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC

Date: _____

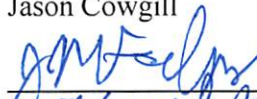
Eloise ("Gee Gee") Moore Strain Patridge

Date: _____

Stewart Patridge

Date: _____

Jason Cowgill


of counsel for Jason Cowgill

Date: 10/06/2023

Federal Insurance Company

Date: _____

Continental Casualty Company

Date: _____

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC

Date: _____

Eloise ("Gee Gee") Moore Strain Patridge



Date: 10/6/2023

Stewart Patridge

Date: _____

Jason Cowgill

Date: _____

Federal Insurance Company

Date: _____

Continental Casualty Company

Date: _____

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

BankPlus
BankPlus Wealth Management, LLC

Date: _____

Eloise ("Gee Gee") Moore Strain Patridge

Date: _____

Stewart Patridge

*Kayla Pickett, by permission for
Walter Newman*

Jason Cowgill

Date: 10/6/23

Date: _____

Federal Insurance Company

Date: _____

Continental Casualty Company

Date: _____

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

The Motion asks the Court to approve proposed settlements totaling \$19,200,000, of which the Receiver’s proposed settlement with Defendants BankPlus

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1 of the Appendix to the Motion (ECF No. ____) (the “BP Settlement Agreement”), have the same meaning as in the BP Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

(“BP”), BankPlus Wealth Management, LLC, (“BPWM”); Eloise (“Gee Gee”) Moore Strain Patridge; Stewart Patridge; Jason Cowgill (collectively, the “BP Defendants”); and Defendants Federal Insurance Company (“Federal”) and Continental Casualty Company (“Continental”), accounts for \$6,500,000.

The settlement with the BP Defendants, Federal, and Continental is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme.

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Relevant here, the Receiver filed a complaint against the BP Defendants, Federal, and Continental in the separate but related case styled *Mills v. BankPlus*, Case No. 3:19-cv-00196-CWR-BWR (S.D. Miss.) (the “BP Litigation”).

In the BP Litigation, the Receiver alleges claims against the BP Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The Receiver further asserts claims against the BP Carriers for a declaratory judgment that the BP Policies provide insurance coverage for the allegations against the BP Defendants in the BP Litigation. The BP Defendants and BP Carriers strongly deny liability for all those claims and assert numerous defenses to them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were

⁸ Claims were also brought against the BP Defendants for (1) fraudulent transfers; (2) aiding, abetting, or participation in a fraudulent scheme; (3) recklessness, gross negligence and negligence; (4) Mississippi Racketeer Influenced and Corrupt Organizations Act; and (5) negligent retention and supervision, among others; and against the BP Carriers for a declaratory judgment seeking an adjudication of insurance coverage.

well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the BP Defendants, Federal, and Continental accounts for \$6,500,000.00 (the "Settlement Amount"). In return, the BP Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings, and the BP Carriers are to obtain total peace with respect to all claims that have been, or could have been, asserted against them arising out of or related to the BP Policies. The Receiver represents that her negotiations with the BP Defendants, Federal, and Continental were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the BP Defendants, Federal, and Continental, and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the BP Defendants, Federal, and Continental very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the BP Defendants, Federal, and Continental, which is part of a package of proposed settlements totaling \$19,200,000, guarantees

immediate and substantial benefit to Madison Timber’s victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the BP Defendants, Federal, and Continental is conditioned on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to

prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the BP Defendants, Federal, and Continental, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the BP Defendants, Federal, and Continental, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court’s public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. BankPlus*, Case No. 3:19-cv-00196-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving

Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfies the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the BP Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the BP Settlement Agreement shall have the same meaning as in the BP Settlement

Agreement (which this Final Bar Order incorporates by reference). The Settlement Agreement and Bar Order (“Final Bar Order”) should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the BP Defendants or the BP Carriers, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled

Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the BP Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims and the claims asserted against the BP Carriers with respect to the BP Policies contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they will be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately

prevail on their claims; and (iv) this Final Bar Order is an essential, integral party of the Settlement, and is a condition to the BP Defendants' and the BP Carriers' agreement to settle, and that the BP Defendants and the BP Carriers would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the BP Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the BP Defendants and the BP Carriers for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the BP Defendants, the BP Carriers with respect to the BP Policies, the Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, without which the BP Defendants and the BP Carriers would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the BP Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the BP Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the BP Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii)

the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) the BP Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding

7. As of the Settlement Effective Date, the BP Carriers shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with the BP Policies and (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of the Receivership Defendants; (iii) the BP Defendants' relationships with MTP

and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding.

8. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the BP Defendants.

9. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the BP Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the BP Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and BP Settlement Agreement.

10. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting,

supporting, participating in, collaborating in, or otherwise prosecuting, against the BP Defendants, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the BP Defendants that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the BP Defendants' relationships with relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding. The Court also permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise

prosecuting, against the BP Carriers, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the BP Carriers that in any way relates to, is based upon, arises from, or is connected with the BP Policies and (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the BP Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the BP Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the BP Defendants where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating

to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the BP Defendants and the BP Carriers.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Receiver, any Person, entity, or Interested Party to pursue claims against the BP Carriers, except for those claims described in Paragraph 7 relating to the BP Litigation and arising out of or relating to the BP Policies.

11. The BP Defendants and the BP Carriers have no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment,

distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the BP Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the BP Settlement Agreement, or this Final Bar Order.

12. Nothing in this Final Bar Order or the BP Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the BP Litigation, or any other proceeding.

13. The Receiver is hereby ordered to file the agreed motion to dismiss in the BP Litigation as specified in paragraph 27 of the BP Settlement Agreement by the deadline set forth in that paragraph. BP and Continental are hereby ordered to deliver or cause to be delivered the Settlement Amount (\$6,500,000.00) pursuant to the terms and subject to the conditions in the BP Settlement Agreement. Further,

the Parties are ordered to act in conformity with all other provisions of the BP Settlement Agreement.

14. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the BP Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling orders, and releases herein, and to enter orders concerning implementation of the Settlement, the BP Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

16. This Partial Final Judgment and Final Bar Order 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, the BP Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES

UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

Exhibit B

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Orders Approving Settlements and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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kelmer@fishmanhaygood.com

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]

/s/_____

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. Bradley W. Rath, Magistrate Judge

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No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on _____ at _____**.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201.** The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement are on one part, Plaintiff, Alysson Mills, in her capacity as the court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (the “Receiver”); and on the other part, Defendant Trustmark National Bank (“Trustmark”), Benjamin Butts, and Jud Watkins (collectively, the “Trustmark Defendants”). The Receiver and the Trustmark Defendants will be referred to individually as a “Party” and together as the “Parties.”

RECITALS

The Recitals to this Settlement Agreement are:

A. On April 20, 2018, the United States Securities and Exchange Commission (the “SEC”) initiated *SEC v. Adams*, Case No. 3:18-cv-252-CWR-FKB (now Case No. 3:18-cv-00252-CWR-BWR) (the “SEC Action”), alleging that Adams and Madison Timber Properties, LLC and others affiliated with them (“MTP” as defined below) committed securities fraud by operating a Ponzi scheme (SEC Action ECF No. 3).

B. In an April 20, 2018 order in the SEC Action (ECF No. 5), the United States District Court for the Southern District of Mississippi (i) froze and enjoined Adams and Madison Timber Properties, LLC from disposing of the assets, and other tangible and intangible monies and property, as further set forth in that order, of Adams and Madison Timber Properties, LLC and all entities they owned or controlled as of April 20, 2018, and (ii) enjoined Adams and Madison Timber Properties, LLC from destroying or otherwise disposing of the books and records, accounts, statements, and other documents which reflect Adams and Madison Timber Properties, LLC’s business activities or the transactions described in the SEC Action complaint.

Exhibit 1.2

C. In a June 22, 2018 order (SEC Action ECF No. 33), the Court appointed Alysson Mills Receiver for the Receivership Assets and the Receivership Records (collectively, the “Receivership Estate”) with all powers of a Receiver at equity under common law as well as those powers enumerated in that order, as amended by orders in that same matter of August 8, 2018 (SEC Action ECF No. 38), September 20, 2018 (SEC Action ECF No. 44) and May 17, 2019 (SEC Action ECF No. 154) (collectively, the “Receivership Orders”).

D. The Receivership Orders vested the Receiver with the general power and duty, among other things, “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 “. . . to 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 . . .” and “. . . to take such other action as may be approved by this Court.” SEC Action ECF No. 33 at 9.

E. Alysson Mills has served as Receiver continuously since her appointment.

F. On December 30, 2019, the Receiver filed her complaint against the Trustmark Defendants and other defendants alleging *inter alia* claims for (i) civil conspiracy; (ii) aiding and abetting; (iii) recklessness, gross negligence, and negligence in their dealings with Adams, MTP and others; (iv) negligent retention and supervision; (v) violation of Mississippi’s Fraudulent Transfer Act; (vi) violation of Mississippi’s Racketeer Influenced and Corrupt Organization Act (“MRICO”); and (vii) vicarious liability. The Receiver’s complaint also asserted that “investors have assigned their claims against Defendants to the Receiver . . .” *Mills v. Trustmark National Bank*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Trustmark Litigation”), ECF No. 1, ¶ 8.

G. The Trustmark Defendants and others filed motions to dismiss the original complaint. Jud Watkins filed a motion to compel arbitration of the Receiver's claims against him. The Receiver's claims against Jud Watkins were voluntarily dismissed without prejudice. Trustmark Litigation ECF No. 116.

H. On May 4, 2020, the Court entered a text order staying discovery pending the Court's resolution of motions to dismiss.

I. On January 28, 2022, the Court consolidated the Trustmark Litigation with three other cases solely for discovery purposes, opening a case styled *In Re Consolidated Discovery in Cases Filed by Alysson Mills, in Her Capacity as Receiver for Arthur Lamar Adams and Madison Timber Properties, LLC*, Case No. 3:22-cv-00036-CWR-BWR (the "Consolidated Discovery Case").

J. On March 1, 2021, the Court dismissed the Receiver's MRICO claim against Trustmark, without prejudice. Trustmark Litigation ECF No. 67.

K. The Trustmark Defendants expressly deny any and all allegations of wrongdoing, fault, liability, or damages and enter into this Settlement Agreement solely to avoid the burdens, substantial expenses, and risks of litigation, including not only the pending Trustmark Litigation, but also any and all other claims or litigation or proceedings that might have arisen, or that might arise, in connection with Adams and MTP. The entry of a Partial Final Judgment and Final Bar Order acceptable to the Trustmark Defendants, substantially identical to the Proposed Partial Final Judgment and Final Bar Order attached as Exhibit A hereto, (i) prohibiting any and all other Persons (including but not limited to MTP Investors and Claimants) from pursuing claims against the Trustmark Defendants or any of them related to MTP, and (ii) channeling all claims of Interested Parties (including but not limited to MTP Investors and Claimants) related to MTP

through the Receivership Estate, is an integral and essential part of this Settlement, and an essential condition to any obligation for the Trustmark Defendants to perform under this Settlement Agreement. The Settlement would not have occurred, and will not be consummated, absent entry of a Bar Order that becomes Final.

L. The Receiver has conducted an investigation into the facts and the law relating to the Trustmark Litigation and, after considering the results of that investigation, ongoing litigation of the claims against the Trustmark Defendants, and the benefits of this Settlement Agreement, as well as the burdens, expenses, and risks of litigation, has concluded that a settlement with the Trustmark Defendants under the terms set forth herein is fair, reasonable, adequate, and in the best interests of the Receivership Estate, the Interested Parties (defined below), and all Persons (defined below) affected by MTP or entitled to make claims against the Receivership Assets, and has agreed to enter into the Settlement and this Settlement Agreement and to use her best efforts to effectuate the Settlement and this Settlement Agreement.

M. The Parties desire to compromise fully, finally, and forever and to effect a global settlement and discharge of all claims against the Trustmark Defendants arising from or in any way related to MTP.

N. The Parties have engaged in extensive, good-faith, and arm's-length negotiations leading to this Settlement Agreement, including participation in lengthy settlement conferences and mediation proceedings conducted by United States Magistrate Judge F. Keith Ball.

O. Absent approval of this Settlement, the Trustmark Litigation will likely take many more years and cost millions of dollars to litigate to final judgment and through appeals, and the outcome of the litigation would be uncertain.

P. In *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883 (5th Cir. 2019), the United States Court of Appeals for the Fifth Circuit affirmed approval of a settlement conditioned on the entry of bar orders enjoining suits filed against the settling defendants in that litigation, demonstrating the propriety of the Proposed Partial Final Judgment and Final Bar Order attached as Exhibit A.

Q. The Receiver has reviewed, approved, and entered into this Settlement Agreement and the terms of the Settlement, as evidenced by her signature to this Settlement Agreement.

AGREEMENT

I. Settlement Agreement Date

1. This Settlement Agreement shall take effect once all Parties have signed the Settlement Agreement as of the date of the last signature to the Settlement Agreement (the “Settlement Agreement Date”).

II. Terms Used in this Settlement Agreement

The terms used in this Settlement Agreement and the Partial Final Judgment and Final Bar Order and defined below, have the following meanings:

2. “Settlement Agreement” means this agreement.
3. “Bar Order” means an order entered in the SEC Action including findings under Federal Rule of Civil Procedure 54(b), substantially identical to the Proposed Partial Final Judgment and Final Bar Order attached hereto as Exhibit A. The provisions of this Settlement Agreement concerning entry of a Bar Order were separately bargained for. Entry and finality of a Bar Order acceptable to the Trustmark Defendants are essential, integral elements and a condition

precedent of the Trustmark Defendants' obligations under this Settlement Agreement and the Settlement.

4. "Claim" means a Person's alleged, potential or asserted right to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the Trustmark Defendants, arising from alleged harm, injury, losses or damages sustained by any Person as a result of the MTP Ponzi scheme and MTP's related conduct and actions. "Claim" includes, but is not limited to, potential or asserted rights arising from or related to MTP Investments. "Claim" includes any and all claims that MTP Investors may have against the Trustmark Defendants related in any way to MTP.

5. "Claim Assigned to Receiver" means any Claim that has been assigned in writing to the Receiver by any Interested Person.

6. "Claimant" means any Person who has submitted a Claim to the Receiver, including Persons whose claims are derivative or beneficial via Claims submitted by or through other Persons. Where a Claim has been transferred or assigned to a third party and such transfer has been acknowledged by the Receiver, the transferee is a Claimant.

7. "Distribution Plan" means the plan approved by the Court for the distribution of the Settlement Amount (net of any attorneys' fees or costs that are awarded by the Court) to Claimants whose Claims the Receiver has allowed.

8. "Final" means unmodified after the conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, rehearing, certiorari, or review, judicial or otherwise, including by a court or Forum of last resort, wherever located, whether automatic or discretionary or as a matter of right, whether by appeal or otherwise. The Bar Order shall include findings under Federal Rule of Civil Procedure 54(b) and will become

Final as set forth in this paragraph as though such order was entered as a judgment at the end of a case, and the continuing pendency of the SEC Action, Trustmark Litigation, or any other litigation or other dispute shall not be construed as preventing such Bar Order from becoming Final.

9. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

10. “Hearing” means a formal proceeding in open court, on the record, before the Court.

11. “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

12. “MTP” means Arthur Lamar Adams; Madison Timber Properties, LLC; Madison Timber Company; Wayne Kelly; known and unknown agents of the foregoing; and any entity of any type owned, controlled by, or affiliated with Arthur Lamar Adams on or before April 20, 2018.

13. “MTP Investor” means any Person who directly or indirectly invested money in the MTP Ponzi scheme, whether by purchasing promissory notes or securities or otherwise, whether individually or through a collective group or legal entity such as a partnership, limited liability company, limited liability company, corporation, trust or joint venture.

14. “MTP Investment” means any investment of money in the MTP Ponzi scheme, including purchase of securities or promissory notes or otherwise, through which any Person claims or has claimed to be entitled to receive payments of money from MTP.

15. “Person” means any natural person or legal entity capable under the law of possessing or enforcing rights, including but not limited to any individual, juridical person, legal entity, company, corporation, partnership, joint venture, trust, governmental authority, estate, guardian, agency or quasi-governmental person, regardless of location, residence, or nationality.

16. “Receiver” includes the Receiver and all of her counsel.

17. “Releasor” means any Person granting a release of a Settled Claim, including any Person whose Settled Claim is released by another Person acting with authority to do so.

18. “Settled Claim” means any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity against the Trustmark Defendants that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Trustmark Litigation and the claims that were or could have been asserted against the Trustmark Defendants therein; (ii) Adams and MTP or any of their affiliates; (iii) any promissory note or investment of any type issued by or associated with MTP or any of its affiliates; (iv) the Trustmark Defendants’ relationships with Adams, MTP or their affiliates; and (v) the Trustmark Defendants’ provision of services to or for the benefit of or on behalf of Adams, MTP or any of their affiliates. “Settled Claim” includes every Claim against the Trustmark Defendants that the Receiver has the power, authority, or capacity to settle, resolve and release. “Settled Claims” includes, but is not limited to, all Claims Assigned to Receiver. “Settled Claims” includes all claims held by any Person, including but not limited to all MTP Investors, based on, or arising from, or related to, MTP Investments or non-payment by MTP of principal and interest owed under promissory notes or

securities issued by or on behalf of MTP. “Settled Claims” does not include any claims the Trustmark Defendants may have against any insurance carrier or provider in connection with the Litigation or the Settled Claims; the Trustmark Defendants reserve any and all claims against all insurance carriers and providers, and those claims are not settled hereby. “Settled Claims” specifically includes, without limitation, all claims each Releasor, Claimant or Person does not know or suspect to exist in his favor at the time of release, which, if known by that Person, might have affected his decisions with respect to this Settlement Agreement and the Settlement (“Unknown Claims”). Each Releasor expressly waives, releases, and relinquishes any and all provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, that governs or limits the release of unknown claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Each Releasor acknowledges that he may hereafter discover facts different from, or in addition to, those that Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Settlement Agreement, including the releases granted in it, will remain binding and effective in all respects notwithstanding that discovery. Unknown Claims include contingent and non-contingent claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential element of this Settlement Agreement and the Settlement.

19. “Settlement” means the agreed resolution of the Settled Claims in the manner set forth in this Settlement Agreement.

20. “Settlement Amount” means six million five hundred thousand United States dollars (\$6,500,000.00).

21. “Settlement Effective Date” means the date on which the last of the following occurs: (i) the Bar Order becomes Final, and (ii) the Partial Final Judgment becomes Final.

22. “Trustmark” includes Trustmark National Bank and its counsel and also includes each of its respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees (including but not limited to Benjamin Butts and Jud Watkins), associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, joint ventures and joint venturers, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

23. “Taxes” means any and all taxes, whether federal, state, local, or other taxes related to the Settlement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

III. Stay of Litigation; Delivery of Settlement Amount; Dismissal with Prejudice of Litigation

24. Stay of the Trustmark Litigation: Within five (5) business days of the Settlement Agreement Date, the Receiver and Defendants shall file joint motions in the Trustmark Litigation to stay the Trustmark Litigation as to all Parties, including a request to vacate all scheduling orders as to the Trustmark Defendants, pending a final determination concerning approval of the Settlement and the Bar Order.

25. Delivery of Settlement Amount: Within five (5) business days after the Settlement Effective Date, the Receiver shall provide to Trustmark's counsel wiring instructions for payment of the Settlement Amount to the Receiver. Thereafter, if and to the extent Trustmark needs additional information to allow Trustmark to execute the wire transfer of the Settlement Amount to the Receiver, then the Receiver agrees to make reasonable efforts to provide that information. Within ten (10) business days after the later of the Settlement Effective Date or receipt of the wiring instructions for payment of the Settlement Amount to the Receiver, Trustmark National Bank shall deliver or cause to be delivered the Settlement Amount to the Receiver.

26. Dismissal of the Trustmark Litigation: Within ten (10) business days after receipt of the Settlement Amount, the Receiver shall file with the Court an agreed motion to dismiss fully and finally with prejudice without costs or attorneys' fees all claims against all Trustmark Defendants in the Trustmark Litigation, and shall submit to the Court a proposed Final Judgment of Dismissal of the Trustmark Litigation with respect to the Trustmark Defendants, in forms approved by Trustmark's counsel.

IV. Use and Management of Settlement Amount

27. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver, the Receiver shall receive and take custody of the Settlement Amount and shall be solely responsible for preparing, seeking approval of, and implementing the Distribution Plan including, without limitation, receiving, managing, and disbursing the Settlement Amount, in accordance with the Court's orders. The Receiver shall be responsible for all Taxes, fees, and expenses that may be due with respect to the Settlement Amount or the management, use, administration, or distribution of the Settlement Amount. In connection with any distribution of the Settlement Amount, the Receiver shall remind, in writing, any recipient of any distribution of

the Settlement Amount of the scope and effect of the Bar Order including notice that the Settlement and Final Bar Order preclude any further claims or litigation against, or collection from, the Trustmark Defendants in connection with the Settled Claims; otherwise, the Receiver owes no duties to the Trustmark Defendants in connection with the distribution of the Settlement Amount or the Distribution Plan, other than compliance with Court orders, and if the Receiver complies with this Settlement Agreement and all orders issued by the Court, the Trustmark Defendants may not assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the Receivership Estate be liable to the Trustmark Defendants for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

28. No Liability: The Trustmark Defendants shall have no responsibility, obligation, or liability whatsoever with respect to the administration of the Settlement; the management, investment, or distribution of the Settlement Amount or any other funds paid or received in connection with the Settlement; the payment or withholding or reporting of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the terms, interpretation, or implementation of the Distribution Plan; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or this Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. Nothing in this paragraph shall alter Trustmark's obligations to deliver the Settlement Amount to the Receiver pursuant to the terms of this Settlement Agreement.

V. Motion for Approval of Settlement, and Form and Procedure for Notice

29. Motion and Notice: No later than seven days after this Settlement Agreement's execution by all Parties, the Receiver shall file a motion (the "Motion") substantially in the form attached as Exhibit B hereto that requests that, after notice and hearing, the Court enter an order approving this Settlement Agreement and the Bar Order identified in Paragraph 3 of this Settlement Agreement. The Motion shall include: (a) a copy of this Settlement Agreement, with Exhibits; (b) a proposed Order Setting Hearing that instructs the Receiver to provide notice of this Settlement Agreement and the Bar Order to all Interested Parties as defined in this Settlement Agreement, (i) by sending them a detailed description of the Claims, the Settlement, the Bar Order, and their rights to appear and participate at the Hearing on the Motion, in a document acceptable to the Trustmark Defendants (the "Notice"), by United States Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records; (ii) in addition, by sending a copy of the Notice to all Interested Parties via email, to the extent the Receiver is aware of their email addresses; and (iii) by prominently posting the Notice, the Settlement Agreement, the Proposed Partial Final Judgment and Final Bar Order, and all Court filings related to the Settlement on the Receiver's website, www.madison timberreceiver.com. In addition, the Receiver shall provide the same Notice, by United States Mail, First Class postage prepaid, and by email, to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors. The Receiver shall provide the Trustmark Defendants with a reasonable opportunity to review and comment on the Motion.

30. The Receiver Shall Be Solely Responsible for Notice: Subject to the Trustmark Defendants' right to approve the Notice as set forth in the immediately preceding paragraph, the Receiver shall be solely responsible for the preparation and dissemination of notice as directed by

the Court. In the absence of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Settlement Agreement or a court order, no Interested Party or any other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the notice process. In the case of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Settlement Agreement or a court order, the Trustmark Defendants shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the notice process.

31. No Recourse Against the Trustmark Defendants: No Interested Party or any other Person shall have any recourse against the Trustmark Defendants with respect to any claims that may arise from or relate to the notice process.

32. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Settlement Agreement and to advocate for and encourage the Court to apply the releases and Final Bar Order to as broad a population as possible.

33. No Challenge: No Party shall challenge the approval of the Settlement, and no Party will encourage or assist any Interested Party in challenging the Settlement.

VI. Rescission if the Settlement is Not Finally Approved, or the Bar Order is Not Entered

34. Right to Withdraw: The Parties represent and acknowledge each of the following terms was necessary and essential to the Parties' agreement to this Settlement and this Settlement Agreement, and that the Settlement would not have been reached in the absence of these terms: (a) Court approval of the Settlement and the terms of this Settlement Agreement without material modification or limitation; (b) entry by the Court of the Partial Final Judgment and Final Bar Order in the SEC Action substantially identical to the form attached as Exhibit A, which will be cross-

filed in the Trustmark Litigation; (c) all these approvals and orders becoming Final, as defined in Paragraph 8 and as required by this Settlement Agreement; and (d) the subsequent final judgment of dismissal with prejudice of all claims against the Trustmark Defendants in the Trustmark Litigation. If the Court refuses to provide the approvals described in (a), or if the Court refuses to enter the Bar Order described in (b) without material modification, or if the final result of any appeal from the approvals and order described in (a) or (b) is that any of the approvals or order are not affirmed in their entirety and without material modification or limitation, or if the claims against the Trustmark Defendants in the Trustmark Litigation are not dismissed fully and finally with prejudice, then the Receiver or any of the Trustmark Defendants have the right to withdraw agreement to the Settlement and to this Settlement Agreement by providing to all other Parties written notice of that withdrawal within fourteen (14) days of the order or judicial determination giving rise to the right to withdraw. The effective date of the withdrawal will be twenty-one (21) days after the notice of same, during which time the Parties agree to work together in good faith to attempt to negotiate an alternative settlement.

35. In the event that any Party withdraws its agreement to the Settlement or this Settlement Agreement pursuant to Paragraph 34 or Paragraph 46, this Settlement Agreement and any prior negotiations or agreements in principle related to the Settlement will be null and void and of no further effect whatsoever, shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except for the provisions of Paragraph 34 and this paragraph, which shall survive), and shall not be the subject or basis for any claims or defenses by any Party against any other Party other than to enforce the surviving terms of this Settlement Agreement.

36. The Parties do not have the right to withdraw from, or otherwise terminate, the Settlement Agreement for any reason other than the reasons identified in Paragraph 34 or Paragraph 46.

VII. Releases and Covenant Not to Sue

37. Release of the Trustmark Defendants: Upon date of the receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including Adams and MTP), fully, finally, and forever releases, relinquishes, and discharges, with prejudice, all Settled Claims, including all claims against the Trustmark Defendants arising from or related in any way to MTP.

38. Release of the Receiver: As of the Settlement Effective Date, the Trustmark Defendants fully, finally and forever release, relinquish, and discharge with prejudice all Settled Claims against the Receiver.

39. No Release of Obligations Under Settlement Agreement: Notwithstanding anything to the contrary in this Settlement Agreement, the releases and covenants contained in this Settlement Agreement do not release the Parties' rights and obligations under this Settlement Agreement or the Settlement, nor do they bar the Parties from enforcing or effectuating this Settlement Agreement or the Settlement.

40. Covenant Not to Sue: As of the date of receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP), covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute, directly or indirectly, or through a third party, against any of the Trustmark Defendants any lawsuit, investigation, demand, or other proceeding, whether individually, derivatively, on behalf of, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Effective as of the Settlement

Agreement Date, the Trustmark Defendants covenant not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against the Receiver, any lawsuit, investigation, demand, or other proceeding, directly or indirectly, or through a third party, whether individually, derivatively, on behalf or, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Settlement Agreement.

VIII. Representations and Warranties

41. No Assignment, Encumbrance, or Transfer: The Receiver represents and warrants that she is the owner of the Settled Claims that she is releasing under this Settlement Agreement and she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that she is releasing under this Settlement Agreement. The Trustmark Defendants represent that they are the owners of the Settled Claims that they are releasing under this Settlement Agreement and that they have not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that they are releasing under this Settlement Agreement.

42. Authority: Each person executing this Settlement Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the Person each represents and that each has the authority to take appropriate action required or permitted to be taken pursuant to this Settlement Agreement to effectuate its terms.

IX. No Admission of Fault or Wrongdoing

43. The Settlement, this Settlement Agreement, and the negotiation and mediation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession

of any violation of any statute, liability, or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the Complaints, claims, allegations, or defenses asserted or that could have been asserted in the SEC Action, the Trustmark Litigation, or any other proceeding relating to any Settled Claim, or any other proceeding in any Forum. The Settlement and this Settlement Agreement are a resolution of disputed claims to avoid the risk and substantial expense of protracted litigation. The Settlement, this Settlement Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the SEC Action, the Trustmark Litigation, or in any other proceeding, other than to enforce the terms or intent of the Settlement and this Settlement Agreement or to defend against or facilitate a dismissal of any other proceeding against the Trustmark Defendants.

X. Non-Disparagement

44. In connection with the Settlement and this Settlement Agreement, the Receiver and her counsel shall not make, disseminate, or publish any statement outside of court, including a statement in the press, or on the Receiver's website or social media, that would denigrate or embarrass the Trustmark Defendants, or that is otherwise negative or derogatory towards the Trustmark Defendants. Nothing in this paragraph shall prevent the Receiver or her counsel from reporting the Receiver's activities to the Court or the SEC; from responding as necessary to inquiries from the Court or other governmental authorities; or from carrying out any of the Receiver's duties under any order addressing the scope of the Receiver's duties. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

XI. Miscellaneous

45. Final and Complete Resolution: The Parties intend this Settlement Agreement and the Settlement to be and constitute, to the greatest extent possible, a final and complete resolution

of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and (2) the Trustmark Defendants on the other hand.

46. Effectiveness of Bar Order: If, before the Settlement Effective Date, the United States Supreme Court or the United States Court of Appeals for the Fifth Circuit issues any opinion or order in any case that renders the Bar Order ineffective as to claims of third parties, including but not limited to claims of MTP Investors, then the Trustmark Defendants shall have the right to withdraw from this Settlement Agreement and the Settlement.

47. Binding Agreement: As of the Settlement Agreement Date, this Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns. No Party may assign any of its rights or obligations under this Settlement Agreement without the express written consent of the other Parties.

48. Incorporation of Recitals: The Recitals contained in this Settlement Agreement are essential terms of this Settlement Agreement and are incorporated herein for all purposes.

49. Disclaimer of Reliance: In executing this Settlement Agreement, the Parties unequivocally represent, acknowledge, and state that they were represented by counsel in the negotiation and formation of this Settlement Agreement, which negotiation was conducted by the Parties at arm's length, and the Parties are relying solely upon each Party's own independent knowledge, understanding, and investigation of the matters pertinent to this Settlement Agreement and have not seen, heard, or relied upon any promises, statements, representations, covenants, or warranties, whether written or oral, express or implied, made by one another or by any representative or other Person or entity and that no Party had any duty to make any disclosures, except to the extent expressly stated in this Settlement Agreement. The Parties hereby waive,

release, and disclaim any right or ability to seek to revoke, rescind, vacate, or otherwise avoid the operation and effect of this Settlement Agreement on the basis of any alleged fraudulent inducement, misrepresentation, or material omission by any of the undersigned or their representatives, or on the basis of mutual or unilateral mistake of fact or law, or newly discovered information, and acknowledge that they are completely satisfied with this settlement, as reflected in this Settlement Agreement. The Parties waive any rights or remedies related to discovery and production of information, whether through formal discovery in the Trustmark Litigation or otherwise.

50. Third-Party Beneficiaries: This Settlement Agreement is not intended to and does not create rights enforceable by any Person other than the Parties as defined in this Settlement Agreement (or their respective heirs, executors, administrators, successors, and assigns, as provided in Paragraph 47 of this Settlement Agreement).

51. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Settlement Agreement, that no Party should or shall be deemed the drafter of this Settlement Agreement or any provision hereof, and that any rule, presumption, or burden of proof that would construe this Settlement Agreement, any ambiguity, or any other matter, against the drafter shall not apply and is waived. The Parties enter into this Settlement Agreement freely, after good-faith, arm's-length negotiation, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Settlement Agreement are for convenience only, are not part of this Settlement Agreement, and shall not bear on the meaning of this Settlement Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The words "and" and "or" shall be interpreted broadly to have the most inclusive meaning, both

conjunctive and disjunctive. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. “Any” shall be understood to include and encompass “all,” and “all” shall be understood to include and encompass “any.”

52. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Settlement Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Settlement Agreement or the Settlement, including the Bar Order, the Parties agree to cooperate with each other, including using reasonable efforts to make documents or personnel available as needed to defend any challenge. Further, the Parties shall reasonably cooperate to defend and enforce the Bar Order required under this Settlement Agreement.

53. Avoidance of Unnecessary Expense and Burdens for Trustmark Defendants: The Receiver will take all reasonable measures to refrain entirely from conducting discovery of the Trustmark Defendants in other ongoing litigation and proceedings, and if such discovery is required, the Receiver will undertake to minimize the burden on the Trustmark Defendants.

54. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Settlement Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

To the Trustmark Defendants:

Michael A. King, General Counsel
Trustmark National Bank Legal Department
248 E. Capitol St.
Jackson, MS 39201

William F. Ray
Paul H. Stephenson III
Stephanie M. Rippee
James M. Tyrone
WATKINS & EAGER PLLC
400 East Capitol Street
Jackson, Mississippi 39201
Post Office Box 650
Jackson, Mississippi 39205
Telephone: (601) 965-1900
Facsimile: (601) 965-1901
Email: wray@watkinseager.com
pstephenson@watkinseager.com
srippee@watkinseager.com
mtyrone@watkinseager.com

To Receiver:

Alysson Leigh Mills
650 Poydras Street, Suite 1525
New Orleans, LA 70130
alysson@alyssonmills.com

Brent B. Barriere
Kaja S. Elmer
FISHMAN HAYGOOD, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170-4600
Bbarriere@fishmanhaygood.com
kelmer@fishmanhaygood.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

55. Choice of Law: This Settlement Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to the choice-of-law principles of Mississippi or any other jurisdiction.

56. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to the Settlement or this Settlement Agreement, including breach, interpretation, effect, or validity of this Settlement Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Southern District of Mississippi, Northern Division. Solely with respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

57. Costs and Fees Incurred in Enforcing Settlement Agreement: If any action is brought to enforce the Settlement or this Settlement Agreement, each Party shall bear its own expenses, costs and reasonable attorneys' fees incurred in that action.

58. United States Currency: All dollar amounts in this Settlement Agreement are expressed in United States dollars.

59. Timing: If any deadline imposed by this Settlement Agreement falls on a non-business day, then the deadline is extended until the next business day.

60. Waiver: The waiver by a Party of any right or breach of this Settlement Agreement by another Party shall not be deemed a waiver of any other right or prior or subsequent breach of this Settlement Agreement. Any waiver by a Party of any right or breach of this Settlement Agreement by another Party must be in writing and signed by all Parties.

61. Exhibits: The exhibits annexed to this Settlement Agreement are incorporated by reference as though fully set forth in this Settlement Agreement.

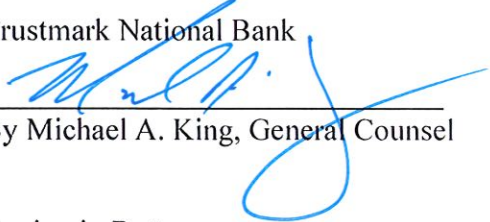
62. Integration and Modification: This Settlement Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Settlement Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Neither this Settlement Agreement, nor any provision or term of this Settlement Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

63. Counterparts and Signatures: This Settlement Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument. A signature delivered by fax or other electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

Trustmark National Bank



By Michael A. King, General Counsel

Date: 10/5/23

Benjamin Butts

Date: _____

Jud Watkins

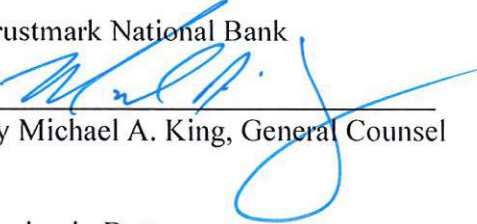
Date: _____

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC



Date: October 9, 2023

Trustmark National Bank


By Michael A. King, General Counsel

Date: 10/5/23

Benjamin Butts

Date: _____

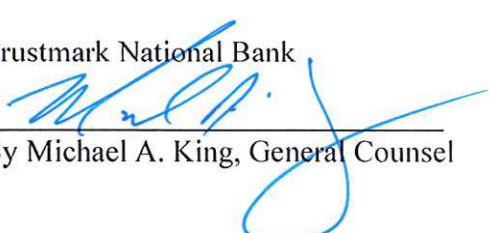
Jud Watkins

Date: _____

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

Trustmark National Bank


By Michael A. King, General Counsel

Date: 10/5/23

Benjamin Butts

DocuSigned by:
Benjamin Butts
150401EA1407471...

Date: 10/9/2023

Jud Watkins

Date: _____

Alysson Mills, in her capacity as court-
appointed Receiver for the estates of Arthur
Lamar Adams and Madison Timber
Properties, LLC

Date: _____

Trustmark National Bank

By Michael A. King, General Counsel

Date: _____

Benjamin Butts

Date: _____

Jud Watkins

_____

Date: 10/6/2023

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-CWR-BWR

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlement with the Trustmark Defendants (ECF No. XXX____, the “Motion”) filed by Alysson Mills, in her capacity as the Court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (the “Receiver”).¹ The Motion concerns a proposed settlement (the “Settlement”) between and among, on the one hand, the Receiver, and, on the other hand Defendants Trustmark National Bank

¹ Terms used in this Final Bar Order that are defined in the Trustmark Settlement Agreement attached as Exhibit 1.2 to the Motion (ECF No. ____) (the “Trustmark Settlement Agreement”), have the same meaning as in the Trustmark Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

(“Trustmark”), Benjamin Butts, and Jud Watkins (collectively, the “Trustmark Defendants”). Following notice to all Interested Parties, and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties² and heard the arguments of counsel, the Motion is hereby GRANTED.

I. INTRODUCTION

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against the Trustmark Defendants in the separate but related case styled *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.) (the “Trustmark Litigation”).

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

In the Trustmark Litigation, the Receiver asserted claims against the Trustmark Defendants and others for allegedly (1) receiving fraudulent transfers; (2) aiding, abetting, or participating in a fraudulent scheme; (3) recklessness, gross negligence and negligence; (4) violating the Mississippi Racketeer Influenced and Corrupt Organizations Act, and (5) negligently retaining and supervising employees. The Receiver also asserted rights as an assignee, pursuant to assignments from MTP Investors who claimed entitlement to recover losses sustained due to their investments in the MTP Ponzi Scheme.⁸ The Trustmark Defendants deny liability for all of those claims, deny the material allegations in the Receiver's complaint, and assert numerous defenses to the claims.

For more than three years, the parties have vigorously litigated the Receiver's claims. The parties' vigorous litigation—which has been documented in the Receiver's regular reports, on her website, and in the Court's separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

⁸ In those Assignments, claimants who asserted they held interests in promissory notes with outstanding amounts due assigned “to the Receiver any and all claims, causes of action, choses in action, or demands of any type or description that in any way relate to Arthur Lamar Adams or Madison Timber Properties, LLC, and/or arise out of Assignor's Promissory Notes, which Assignor has or may have against the Third Parties and which the Receiver has asserted or may assert in any of the Lawsuits (‘Assigned Claims’).” The “Third Parties” included “Any and all persons or entities who the Receiver may name a defendant in any lawsuit she may in the future file against third parties who she alleges contributed to the debts of the Receivership Estate.” Any claims the assignors may have had against the Trustmark Defendants related to MTP were therefore assigned to the Receiver.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the Trustmark Defendants accounts for \$6,500,000.00 (the "Settlement Amount"). In return, the Trustmark Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with the Trustmark Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the Trustmark Defendants, and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the Trustmark Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the Trustmark Defendants, which is part of a package of proposed settlements totaling \$19,200,000, guarantees immediate and

substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the Trustmark Defendants is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors' claims against third-party defendants into the "receivership distribution process." *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) ("By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford's investors must recover Ponzi-scheme losses through the receivership distribution process."); *see also id.* at 902 ("Again, the receivership solves a collective-action problem among the Stanford entities' defrauded investors, 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 S.E.C. v. Stanford Int'l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) ("Courts have accordingly exercised their discretion to issue bar orders to

prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the Trustmark Defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the Trustmark Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court’s public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving

Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

II. 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 (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Settlement Agreement shall have the same meaning as in the Settlement

Agreement (which this Final Bar Order incorporates by reference). The Settlement Agreement and Bar Order (“Final Bar Order”) should be and are hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has “broad powers and wide discretion to determine the appropriate relief in [this] equity receivership,” including the authority to enter the Final Bar Order. *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the Trustmark Defendants, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that notice to the Interested Parties: (i) constituted the best practicable notice to all Interested Parties; (ii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the

releases and dismissal of Settled Claims, and the injunctions provided for in this Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing, and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the Trustmark Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they would be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not

ultimately prevail on their claims; and (iv) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the Trustmark Defendants' agreement to settle, and that the Trustmark Defendants would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Trustmark Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the Trustmark Defendants for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the Trustmark Defendants, MTP or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, and a condition to the Settlement, without which the Trustmark Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Trustmark Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the Trustmark Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the Trustmark Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii)

the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the Trustmark Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the Trustmark Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Trustmark Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the Trustmark Defendants.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Trustmark Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Trustmark Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and Trustmark Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from

directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the Trustmark Defendants or any of them, any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the Trustmark Defendants or any of them that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the Trustmark Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the Trustmark Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or the Trustmark Litigation, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in this action or the Trustmark Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Trustmark

Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the Trustmark Defendants where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person's, Claimant's, entity's, or Interested Party's liability to the Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the Trustmark Defendants. Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Trustmark Defendants to pursue claims and recover from any insurance carrier that Trustmark contends owes it payments under any insurance contract or policy or program.

10. The Trustmark Defendants have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Trustmark Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the Trustmark Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Trustmark Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the Trustmark Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss and motion for final judgment in the Trustmark Litigation as specified in paragraph 26 of the Trustmark Settlement Agreement by the deadline set forth in that paragraph.

Trustmark National Bank shall deliver or cause to be delivered the Settlement Amount of six million five hundred thousand dollars (\$6,500,000.00) pursuant to the terms and subject to the conditions in paragraph 25 of the Trustmark Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Trustmark Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the Trustmark Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Trustmark Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Trustmark Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

Exhibit B

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Orders Approving Settlements and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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kelmer@fishmanhaygood.com

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]

/s/_____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-
cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on _____ at _____**.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201.** The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement (the “Settlement Agreement”) are, on the one hand: (i) Plaintiff, Alysson Mills, solely in her capacity as the court-appointed Receiver for the Arthur Lamar Adams (“Adams”) and Madison Timber Properties LLC Receivership Estate (the “Receiver”); and on the other hand, (ii) RiverHills Bank, a bank organized and existing under Mississippi law (“RiverHills”); and (iii) and Jud Watkins (“Watkins”), (collectively “the RiverHills Defendants”). The Receiver and RiverHills Defendants will be referred to individually as a “Party” and together as the “Parties.”

RECITALS

The Recitals to this Agreement are:

A. On April 20, 2018, the United States Securities and Exchange Commission (the “SEC”) initiated *SEC v. Adams*, Case No. 3:18-cv-252-CWR-FKB (now Case No. 3:18-cv-00252-CWR-BWR) (the “SEC Action”), alleging that Arthur Lamar Adams (“Adams”) and MTP (collectively, the “Receivership Defendants”) and others committed securities fraud by operating a Ponzi scheme (SEC Action ECF No. 3).

B. In an April 20, 2018 order in the SEC Action (ECF No. 5), the United States District Court for the Southern District of Mississippi (i) froze and enjoined the Receivership Defendants from disposing of the assets, and other tangible and intangible monies and property, as further set forth in that order, of the Receivership Defendants and all entities they owned or controlled as of April 20, 2018, and (ii) enjoined the Receivership Defendants from destroying or otherwise disposing of the books and records, accounts, statements, and other documents which reflect the Receivership Defendants’ business activities or the transactions described in the SEC Action complaint.

C. In a June 22, 2018 order (ECF No. 33), the Court appointed Alysson Mills Receiver for the Receivership Assets and the Receivership Records (collectively, the “Receivership Estate”) with all powers of a Receiver at equity under common law as well as those powers enumerated in that order, as amended by orders in that same matter of August 8, 2018 (SEC Action ECF No. 38), September 20, 2018 (SEC Action ECF No. 44) and May 17, 2019 (SEC Action ECF No. 154) (collectively, the “Receivership Orders”).

D. The Receivership Orders vested the Receiver with the general power and duty, among other things “. . . to 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 . . .” and “. . . to take such other action as may be approved by this Court.” SEC Action ECF No. 33 at 9.

E. Alysson Mills has served as Receiver continuously since her appointment.

F. On December 30, 2019, the Receiver filed her complaint against the RiverHills Defendants and other defendants alleging claims for (i) civil conspiracy; (ii) aiding and abetting; (iii) recklessness, gross negligence, and negligence in their dealings with the Receivership Defendants and others; (iv) negligent retention and supervision; (v) violation of Mississippi’s Fraudulent Transfer Act; (vi) violation of Mississippi’s Racketeer Influenced and Corrupt Organization Act (“RICO”); and (vii) vicarious liability. *Mills v. Trustmark National Bank*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.) ECF No. 1 (the “Litigation”). The Receiver’s complaint also asserted that investors had assigned their claims against the RiverHills Defendants to the Receiver.

G. RiverHills and others not party to this Agreement filed motions to dismiss the complaint. Watkins separately filed a Motion to Compel Arbitration.

H. On May 4, 2020, the Court entered a text order staying discovery pending the Court's resolution of motions to dismiss.

I. On January 28, 2022, the Court consolidated the Litigation with three other cases for discovery purposes, being styled *In Re Consolidated Discovery in Cases Filed by Alysson Mills, in Her Capacity as Receiver for Arthur Lamar Adams and Madison Timber Properties, LLC*, Cause No. 3:22-cv-00036-CWR-BWR ("the Consolidated Cases").

J. On March 1, 2021, the Court granted in part RiverHills motion to dismiss without prejudice the Receiver's RICO claim but denied the motion to dismiss the remaining claims. Litigation ECF No. 67.

K. The Receiver agreed to dismiss without prejudice her claims against Watkins and submit them to arbitration. The Receiver and Watkins entered statute of limitation tolling agreements on April 16, 2021, April 8, 2022, July 11, 2022, and July 14, 2023. On September 9, 2021, the Court dismissed Watkins without prejudice. Litigation ECF No. 116.

L. The RiverHills Defendants expressly deny any and all allegations of wrongdoing, fault, liability, or damages and enter into this Agreement solely to avoid the burdens, substantial expenses, and risks of litigation, including not only the Litigation, but also any and all other claims or litigation or proceedings that might have arisen, or that might arise, in connection with Adams and MTP. The entry of a Partial Final Judgment and Final Bar Order in the form attached hereto as Exhibit A, (i) prohibiting any and all other Persons (including but not limited to Interested Parties) from pursuing claims against any one or all of the RiverHills Defendants related in any manner to the MTP Ponzi scheme and (ii) channeling all claims of Interested Parties related to the MTP Ponzi scheme through the Receivership Estate is an integral and essential part of this Settlement, an essential condition to any obligation for the RiverHills Defendants to perform under

this Settlement Agreement, and were separately bargained for. The Settlement would not have occurred, and will not be consummated, absent entry of a Bar Order that becomes Final.

M. The Receiver has conducted an investigation into the facts and the law relating to the Litigation and, after considering the results of that investigation, ongoing litigation of the claims against the RiverHills Defendants, and the benefits of this Agreement, as well as the burdens, expenses, and risks of litigation, has concluded that a settlement with the RiverHills Defendants under the terms set forth below is fair, reasonable, adequate, and in the best interests of the Receivership Estate, the Interested Parties (defined below), and all Persons (defined below) affected by MTP or entitled to make claims against the Receivership Assets, and has agreed to enter into the Settlement and this Agreement and to use her best efforts to effectuate the Settlement and this Agreement.

N. The Parties desire to compromise fully, finally, and forever and to effect a global settlement and discharge of all claims against the RiverHills Defendants arising from or in any way related to MTP, MTP Ponzi scheme, Adams and their affiliates (the “MTP-Related Claims”).

O. The Parties have engaged in extensive, good-faith, and arm’s-length negotiations leading to this Agreement, including private mediation and settlement conferences conducted by United States Magistrate Judge F. Keith Ball.

P. Absent approval of this Settlement, the Litigation will likely take many more years and cost millions of dollars to litigate to final judgment and through appeals, and the outcome of the Litigation would have been uncertain.

Q. In *Zacarias v. Stanford Int’l Bank, Ltd.*, 931 F.3d 382, 387 (5th Cir. 2019), the Fifth Circuit confirmed approval of a settlement conditioned on the entry of bar orders enjoining suits

filed against the settling defendants in that litigation, demonstrating the propriety of the Proposed Final Judgment and Final Bar Order attached as Exhibit A.

R. The Receiver has reviewed and approved this Agreement and the terms of the Settlement, as evidenced by her signature to this Agreement.

AGREEMENT

I. Agreement Date

1. This Settlement Agreement shall take effect once all Parties have signed the Settlement Agreement as of the date of the last signature to the Agreement (the “Agreement Date”).

II. Terms Used in this Settlement Agreement

The terms used in this Settlement Agreement and the Bar Order and defined below, have the following meanings:

2. “Attorneys’ Fees” means those fees awarded by the Court to Receiver’s counsel from the Settlement Amount pursuant to the terms of the applicable court orders governing the Receiver’s counsel’s compensation.

3. “Bar Order” means an order entered in the SEC Action including findings under Federal Rule of Civil Procedure 54(b) and in substantially the form attached as Exhibit A. The provisions of the Settlement Agreement were separately bargained for and are an essential, integral element of the Settlement Agreement and Settlement.

4. “Claim” means a Person’s alleged, potential or asserted right to receive funds from the Receivership Estate or the funds and assets subject to the authority of the Receiver or the RiverHills Defendants, arising from harm, injury, losses or, damages of any kind sustained by any Person as a result of or related in any manner to the MTP Ponzi scheme and/or Adams and MTP’s related conduct and actions.

5. “Claim Assigned to Receiver” means any Claim that has been assigned in writing to the Receiver by any Interested Person.

6. “Claimant” means any Person who has submitted a Claim to the Receiver including Persons whose claims are derivative or beneficial via Claims submitted by or through other Persons. Where a Claim has been transferred or assigned to a third party and such transfer has been acknowledged by the Receiver, the transferee is also a Claimant.

7. “Distribution Plan” means the plan approved by the Court for the distribution of the Settlement Amount (net of any attorneys’ fees or costs that are awarded by the Court) to Claimants whose Claims the Receiver has allowed.

8. “Final” means unmodified after the conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, or review, judicial or otherwise, including by a court or Forum of last resort, wherever located, whether automatic or discretionary, whether by appeal or otherwise. The Bar Order shall include findings under Federal Rule of Civil Procedure 54(b) and will become Final as set forth in this paragraph as though such order was entered as a judgment at the end of a case, and the continuing pendency of the SEC Action, the Litigation, or any other litigation or other dispute shall not be construed as preventing such Bar Order from becoming Final.

9. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

10. “Hearing” means a formal proceeding in open court before the Court.

11. “Insurance Carriers” means any and all insurance companies that provided or may have provided insurance coverage to the RiverHills Defendants which insures, covers, or may

pertain to any of the claims asserted by the Receiver and/or any potential claims that were asserted or could be asserted by any Interested Parties.

12. “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; the Receivership Defendants; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or any other Person or entity to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

13. “MTP” means Arthur Lamar Adams; Madison Timber Properties, LLC; Madison Timber Company; Wayne Kelly; known or unknown agents of the foregoing and any entity of any type owned, controlled by, or affiliated with Arthur Lamar Adams on or before April 20, 2018.

14. “MTP Investment” means any investment of money in the MTP Ponzi scheme, including purchase of securities or promissory notes or otherwise, through which any Person claims or has claimed to be entitled to receive payments of money from MTP.

15. “MTP Investor” means any Person, individual, entity, broker, broker-dealer, institution, corporation, partnership, joint venture, or other person/entity that loaned and/or invested money in MTP or the MTP Ponzi scheme at any time prior to the execution of the Settlement Agreement.

16. “Person” means any natural person or legal entity capable under the law of possessing or enforcing rights, including but not limited to any individual, juridical person, legal entity, company, corporation, partnership, joint venture, association, trust, estate, guardian, conservator, governmental authority, agency or quasi-governmental person, regardless of location, residence, or nationality.

17. “Receiver” includes the Receiver and all of her counsel.

18. “Releasor” means any Person granting a release of a Settled Claim.

19. “Settled Claim” means any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Litigation; (ii) the Receivership Defendants or any of their employees, officers, directors, attorneys or affiliates; (iii) any promissory note or investment of any type associated with MTP or any of its affiliates; (iv) the RiverHills Defendants’ relationships with MTP or its affiliates; (v) the RiverHills Defendants’ provision of services to or for the benefit of or on behalf of MTP or any of its affiliates; or (vi) any matter asserted in, that could have been asserted in, or that relates to the subject matter of the SEC Action, or any proceeding concerning the Receivership Defendants or any of its affiliates pending or commenced in any Forum. “Settled Claims” specifically includes, without limitation, all claims each Releasor does not know or suspect to exist in her favor at the time of release, which, if known by that Person, might have affected his decisions with respect to this Agreement and the Settlement (“Unknown Claims”). Each Releasor expressly waives, releases, and relinquishes any and all provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, that governs or limits the release of unknown claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
THAT THE CREDITOR OR RELEASING PARTY DOES NOT
KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
THE TIME OF EXECUTING THE RELEASE AND THAT, IF
KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY

AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.

Each Releasor acknowledges that he may hereafter discover facts different from, or in addition to, those that Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Agreement, including the releases granted in it, will remain binding and effective in all respects notwithstanding that discovery. Unknown Claims include contingent and non-contingent claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential element of this Settlement Agreement and the Settlement.

20. “Settlement” means the agreed resolution of the Settled Claims in the manner set forth in this Settlement Agreement.

21. “Settlement Amount” means \$3,500,000.00 in United States currency.

22. “Settlement Effective Date” shall mean seven (7) business days after the Partial Final Judgment and Bar Order becomes Final.

23. “RiverHills Defendants” includes RiverHills Bank and Jud Watkins and their counsel and also includes each of their respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, insurers and reinsurers, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

24. “RiverHills Defendants’ Insurance Carrier(s)” includes the definition previously set forth in subsection 11 hereinabove, together with their respective past, present, and future

directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest, but solely in their capacity as insurers of any NAMED INSURED, INSURED or INSURED PERSON under the RiverHills Policies.

25. “RiverHills Policies” means any policy of insurance issued by any of the RiverHills Defendants Insurance Carriers under which the RiverHills Defendants is, are and/or were a NAMED INSURED, INSURED, or INSURED PERSONS.

26. “Taxes” means any and all taxes, whether federal, state, local, or other taxes related to the Settlement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

II. Stay of the Litigation; Delivery of Settlement Amount; and Dismissal with Prejudice of Litigation

27. Stay of the Litigation: Within three (3) business days of the Agreement Date, the Receiver and Defendants shall file joint motions in the Litigation to stay the Litigation as to all Parties, pending a final determination concerning approval of the Settlement and the Bar Order.

28. Delivery of Settlement Amount: Within five (5) business days after the Settlement Effective Date, the Receiver shall provide to RiverHills’ counsel an Internal Revenue Service Form W-9 and wiring instructions for payment of the Settlement Amount to the Receiver. Thereafter, if and to the extent RiverHills needs additional information to allow RiverHills to execute the wire transfer of the Settlement Amount to the Receiver, then the Receiver agrees to make reasonable efforts to provide that information. Within ten (10) days after the later of the

Settlement Effective Date or receipt of the wiring instructions for payment of the Settlement Amount to the Receiver, RiverHills shall deliver or cause to be delivered the Settlement Amount to the Receiver.

29. Dismissal of the Litigation: Within five business days after receipt of the settlement amount, the Receiver shall file with the Court an agreed motion to dismiss fully and finally with prejudice without costs or attorneys' fees all claims against all RiverHills Defendants and the RiverHills Defendants' Insurance Carriers in the Litigation.

IV. Use and Management of Settlement Amount

30. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver, the Receiver shall receive and take custody of the Settlement Amount and shall be solely responsible for preparing, seeking approval of, and implementing the Distribution Plan including, without limitation, receiving, managing, and disbursing the Settlement Amount, in accordance with the Court's orders. The Receiver shall be responsible for all Taxes, fees, and expenses that may be due with respect to the Settlement Amount or the management, use, administration, or distribution of the Settlement Amount. In connection with any distribution of the Settlement Amount, the Receiver shall remind, in writing, any recipient of any distribution of the Settlement Amount of the scope and effect of the Partial Final Judgment and Bar Order; otherwise, the Receiver owes no duties to the RiverHills Defendants or to the RiverHills Defendants' Insurance Carrier(s) in connection with the distribution of the Settlement Amount or the Distribution Plan, and if the Receiver complies with this Settlement Agreement and all orders issued by the Court, the RiverHills Defendants and the RiverHills Defendants' Insurance Carrier(s) may not assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the

Receivership Estate be liable for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

31. No Liability: The RiverHills Defendants and the RiverHills Defendants' Insurance Carriers shall have no responsibility, obligation, or liability whatsoever with respect to the administration of the Settlement; the management, investment, or distribution of the Settlement Amount or any other funds paid or received in connection with the Settlement; the payment or withholding or reporting of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the terms, interpretation, or implementation of the Distribution Plan; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or this Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. Nothing in this paragraph shall alter the RiverHills Defendants' obligation to deliver the Settlement Amount to the Receiver pursuant to the terms of this Settlement Agreement.

V. Motion for Approval of Settlement and Bar Order, and Form and Procedure for Notice

31. Motion and Notice: No later than seven (7) days after this Settlement Agreement's execution by all Parties, the Receiver shall file a motion (the "Motion") substantially in the form attached as Exhibit B hereto that requests that, after notice and hearing, the Court enter an order approving this Settlement Agreement and the Bar Order identified in Paragraph 3 of this Settlement Agreement. The Motion shall include: (a) a copy of this Settlement Agreement, with Exhibits; (b) a proposed Order Setting Hearing that instructs the Receiver to provide notice of this Settlement Agreement and the Bar Order to all Interested Parties as defined in this Settlement

Agreement, (i) by sending them a detailed description of the Claims, the Settlement, the Bar Order, and their rights to appear and participate at the Hearing on the Motion, in a document acceptable to the RiverHills Defendants (the “Notice”), by United States Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver’s records; (ii) in addition, by sending a copy of the Notice to all Interested Parties via email, to the extent the Receiver is aware of their email addresses; and (iii) by prominently posting the Notice, the Settlement Agreement, the Proposed Partial Final Judgment and Final Bar Order, and all Court filings related to the Settlement on the Receiver’s website, www.madisontimberreceiver.com. In addition, the Receiver shall provide the same Notice, by United States Mail, First Class postage prepaid, and by email, to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors. The Receiver shall provide the RiverHills Defendants with a reasonable opportunity to review and comment on the Motion.

32. Notice Preparation and Dissemination: Subject to the RiverHills Defendants’ right to approve the Notice described in the preceding paragraph, the Receiver shall be solely responsible for the preparation and dissemination of the Notice pursuant to this Agreement and as directed by the Court. In the absence of intentional refusal by the Receiver to prepare and disseminate Notice pursuant to this Agreement or a court order, no Interested Party or any other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the Notice process. In the case of intentional refusal by the Receiver to prepare and disseminate Notice pursuant to this Agreement or a court order, the RiverHills Defendants shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the Notice process.

33. No Recourse Against the RiverHills Defendants or the RiverHills Defendants' Insurance Carrier(s): No Interested Party or any other Person shall have any recourse against the RiverHills Defendants or the RiverHills Defendants' Insurance Carrier(s) with respect to any claims that may arise from or relate to the Notice process.

34. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Settlement Agreement and to advocate for and encourage the Court to apply the releases and Bar Order to as broad a population as possible.

35. No Challenge: No Party shall challenge the approval of the Settlement, and no Party will encourage or assist any Interested Party in challenging the Settlement.

VI. Rescission if the Settlement is Not Finally Approved or the Bar Order is Not Entered

36. Right to Withdraw: The Parties represent and acknowledge each of the following terms was necessary and essential to the Parties' agreement to this Settlement and this Agreement, and that the Settlement would not have been reached in the absence of these terms: (a) Court approval of the Settlement and the terms of this Agreement without material modification or limitation; (b) entry by the Court of the Bar Order in the SEC Action in substantially the form attached as Exhibit A, which will be cross-filed in the Litigation; (c) all these approvals and orders becoming Final, pursuant to Paragraphs II. 8 and II. 22 of this Agreement; and (d) the subsequent Final dismissal with prejudice of all claims against the RiverHills Defendants in the Litigation. If the Court refuses to provide the approvals described in (a); if the Court refuses to enter the Bar Order described in (b) without material modification; if the final result of any appeal from the approvals and order described in (a) or (b) is that any of the approvals or order are not affirmed in their entirety and without material modification or limitation; or if the claims against the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers in the Litigation are not dismissed

fully and finally with prejudice, then any of the Receiver and the RiverHills Defendants have the right to withdraw its agreement to the Settlement and to this Agreement by providing to all other Parties written notice of that withdrawal within fourteen (14) days of the order or judicial determination giving rise to the right to withdraw. The effective date of the withdrawal will be twenty-one (21) days after the notice of same, during which time the Parties agree to work together in good faith to attempt to negotiate an alternative settlement.

37. Effectiveness of Bar Order: If, before the Settlement Effective Date, the United States Supreme Court or the United States Court of Appeals for the Fifth Circuit issues any opinion or order in any case that renders the Bar Order ineffective as to claims of third parties, including but not limited to claims of MTP Investors, then the RiverHills Defendants shall have the right to withdraw from this Settlement Agreement and the Settlement.

38. In the event that any Party withdraws its agreement to the Settlement or this Agreement pursuant to Paragraphs 36 or 37, this Agreement will be null and void and of no further effect whatsoever, shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except for the provisions of Paragraphs 36, 37 and this paragraph, which shall survive), and shall not be the subject or basis for any claims or defenses by any Party against any other Party other than to enforce the surviving terms of this Agreement. If any Party withdraws from this Agreement pursuant to the terms of Paragraphs 36 and 37, then each Party shall be returned to that Party's respective position immediately prior to such Party's execution of the Agreement except as set forth in the surviving terms of this Agreement listed in Paragraph 39.

39. The Parties do not have the right to withdraw from, or otherwise terminate, the Agreement for any reason other than the reasons identified in Paragraphs 37 and 38. The following

paragraphs of this Agreement shall survive termination due to withdrawal of the Settlement Agreement: 36-39 and 48.

VIII. Releases and Covenant Not to Sue

40. Release of the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers: As of the Settlement Effective Date, the Receiver on behalf of the Receivership Estate (including the Receivership Defendants and MTP), fully, finally, and forever releases, relinquishes, and discharges, with prejudice, all Settled Claims against the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers.

41. Release of the Receiver: As of the Settlement Effective Date, the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers fully, finally and forever release, relinquish, and discharge with prejudice all Settled Claims against the Receiver.

42. No Release of Obligations Under Settlement Agreement: Notwithstanding anything to the contrary in this Agreement, the releases and covenants contained in this Agreement do not release the Parties' rights and obligations under this Agreement or the Settlement, nor do they bar the Parties from enforcing or effectuating this Agreement or the Settlement.

43. Covenant Not to Sue: Effective as of the Agreement Date, the Receiver on behalf of the Receivership Estate (including MTP), covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute, directly or indirectly, or through a third party, against any of the RiverHills Defendants or the RiverHills Defendants' Insurance Carriers any lawsuit, investigation, demand, or other proceeding, whether individually, derivatively, on behalf of, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Effective as of the Agreement Date, the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers

covenant not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against any of the Receiver, lawsuit, investigation, demand, or other proceeding, directly or indirectly, or through a third party, whether individually, derivatively, on behalf or, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Agreement.

IX. Representations and Warranties

44. No Assignment, Encumbrance, or Transfer: The Receiver represents and warrants that she is the owner of the Settled Claims that she is releasing under this Agreement and she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that she is releasing under this Agreement.

45. Claims Assigned to Receiver. The Receiver represents and warrants that the assignments produced confidentially in the Litigation as documents Bates numbered MTR_00354875-5530 (i) are true and correct copies of the instruments executed to reflect the Claims Assigned to Receiver, as that term is defined in Paragraph 5; (ii) accurately reflect and include all Claims Assigned to Receiver; and (iii) have not been revoked or cancelled.

46. No Additional Claims: The Parties represent and warrant to each other that, other than the Litigation and any claims by any MTP Investors or Claimants filed with the Receiver, they are not presently aware of (a) any undismissed or otherwise extant claim or action against the RiverHills Defendants concerning (i) the Settled Claims or (ii) the wrongdoing of the Receivership Defendants that was the subject of the Complaint, or (b) any person or entity intending to file such an action. The Parties further represent and warrant to each other that they are not aware of a

current decision of the United States Court of Appeals for the Fifth Circuit or Supreme Court invalidating the Bar Order.

47. Authority: Each person executing this Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the Person each represents and that each has the authority to take appropriate action required or permitted to be taken pursuant to this Agreement to effectuate its terms.

X. No Admission of Fault or Wrongdoing

48. The Settlement, this Agreement, and the negotiation and mediation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession of any violation of any statute, liability, or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the Complaints, claims, allegations, or defenses asserted or that could have been asserted in the SEC Action, the Litigation, or any other proceeding relating to any Settled Claim, or any other proceeding in any Forum. The Settlement and this Agreement are a resolution of disputed claims to avoid the risk and substantial expense of protracted litigation. The Settlement, this Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the SEC Action, the Litigation, or in any other proceeding, other than to enforce the terms or intent of the Settlement and this Agreement or to defend against or facilitate a dismissal of any other proceeding against Defendants.

XI. Non-Disparagement

49. In connection with the Settlement and this Agreement, the Receiver and her counsel shall not make, disseminate, or publish any statement outside of court, including a statement in the press, that would denigrate or embarrass the RiverHills Defendants, or that is otherwise negative or derogatory towards the Defendants. Nothing in this paragraph shall prevent the Receiver or her

counsel from reporting the Receiver's activities to the Court or the SEC; from responding as necessary to inquiries from the Court or other governmental authorities; or from carrying out any of the Receiver's duties under any order addressing the scope of the Receiver's duties.

50. In connection with the Settlement and this Agreement, the RiverHills Defendants shall not make, disseminate, or publish any statement outside of court, including a statement in the press, which would denigrate or embarrass the Receiver. Nothing in this paragraph shall prevent any of the RiverHills Defendants from reporting its activities to the Court; from responding as necessary to inquiries from the Court or other governmental authorities; from taking any step they believe, in their sole and absolute discretion, is necessary to enforce the Settlement or this Agreement; from responding to any request for discovery in any other litigation related to MTP or any subpoena; or from discussing the Settled Claims, the Settlement, and this Agreement with its own officers, shareholders, employees, affiliates, current and potential insurers, insurance brokers, regulators, lawyers, auditors or accountants. Notwithstanding the foregoing, however, the RiverHills Defendants do not have a duty to cooperate in responding to discovery requests and/or trial subpoenas (except as required by law) in the SEC Action, or in any other action relating to the MTP Ponzi scheme. Any violation of the terms of this paragraph shall not be a basis to withdraw from the Agreement. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

XII. Miscellaneous

51. Final and Complete Resolution: The Parties intend this Agreement and the Settlement to be and constitute, to the greatest extent possible, a final and complete resolution of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and

(2) the RiverHills Defendants on the other hand, and this Agreement, including its exhibits, shall be interpreted to effectuate this purpose.

52. Binding Agreement: As of the Agreement Date, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns. No Party may assign any of its rights or obligations under this Agreement without the express written consent of the other Parties.

53. Incorporation of Recitals: The Recitals contained in this Agreement are essential terms of this Agreement and are incorporated here for all purposes.

54. Disclaimer of Reliance: In executing this Agreement, the Parties unequivocally represent, acknowledge, and state that they were represented by counsel in the negotiation and formation of this Agreement, which negotiation was conducted by the Parties at arm's length, and the Parties are relying solely upon each Party's own independent knowledge, understanding, and investigation of the matters pertinent to this Agreement and have not seen, heard, or relied upon any promises, statements, representations, covenants, or warranties, whether written or oral, express or implied, made by one another or by any representative or other Person or entity and that no Party had any duty to make any disclosures, except to the extent expressly stated in this Agreement. The Parties hereby waive, release, and disclaim any right or ability to seek to revoke, rescind, vacate, or otherwise avoid the operation and effect of this Agreement on the basis of any alleged fraudulent inducement, misrepresentation, or material omission by any of the undersigned or their representatives, or on the basis of mutual or unilateral mistake of fact or law, or newly discovered information, and acknowledge that they are completely satisfied with this settlement, as reflected in this Agreement.

55. Third-Party Beneficiaries: This Agreement is not intended to and does not create rights enforceable by any Person other than the Parties as defined in this Agreement (or their respective heirs, executors, administrators, successors, and assigns, as provided in Paragraph 52 of this Settlement Agreement).

56. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Agreement, that no Party should or shall be deemed the drafter of this Agreement or any provision hereof, and that any rule, presumption, or burden of proof that would construe this Agreement, any ambiguity, or any other matter, against the drafter shall not apply and is waived. The Parties enter into this Agreement freely, after good-faith, arm's-length negotiation, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Agreement are for convenience only, are not part of this Agreement, and shall not bear on the meaning of this Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The words "and" and "or" shall be interpreted broadly to have the most inclusive meaning, both conjunctive and disjunctive. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. "Any" shall be understood to include and encompass "all," and "all" shall be understood to include and encompass "any."

57. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Agreement or the Settlement, including the Bar Order, the Parties agree to cooperate with each other, including using reasonable efforts to make documents or personnel available as needed to defend any challenge. Further, the

Parties shall reasonably cooperate to defend and enforce the Bar Order required under Paragraph 21 of this Settlement Agreement.

58. Avoidance of Unnecessary Expense and Burdens for RiverHills Defendants and RiverHills Defendants' Insurance Carriers: The Receiver will take all reasonable measures to refrain entirely from conducting discovery of the RiverHills Defendants and RiverHills Defendants' Insurance Carriers in other ongoing litigation and proceedings, and if such discovery is required, the Receiver will undertake to minimize the burden of the RiverHills Defendants and RiverHills Defendants' Insurance Carriers.

59. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

To Defendants:

RiverHills Bank and Jud Watkins
Walter D. Willson
Kelly D. Simpkins
WELLS MARBLE & HURST, PLLC
300 Concourse Boulevard, Suite 200
Ridgeland, MS 39157
Post Office Box 131
Jackson, MS 39205-0131
Telephone: 601-605-6900
Facsimile: 601-605-6901
wwillson@wellsmarble.com
ksimpkins@wellsmarble.com

To Receiver:

Alysson Leigh Mills
650 Poydras Street, Suite 1525
New Orleans, LA 70130
alysson@alyssonmills.com

with a Copy to:

Brent B. Barriere
Kaja S. Elmer
FISHMAN HAYGOOD, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170-4600
bbarriere@fishmanhaygood.com
kelmer@fishmanhaygood.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

60. Choice of Law: This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to the choice-of-law principles of Mississippi or any other jurisdiction.

61. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to the Settlement or this Agreement, including breach, interpretation, effect, or validity of this Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Southern District of Mississippi, Northern Division. Solely with respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

62. Costs to Enforce Agreement: Each Party shall bear its own costs and fees for any action to enforce the Settlement or this Agreement.

63. United States Currency: All dollar amounts in this Agreement are expressed in United States dollars.

64. Timing: If any deadline imposed by this Agreement falls on a non-business day, then the deadline is extended until the next business day.

65. Waiver: The waiver by a Party of any right or breach of this Agreement by another Party shall not be deemed a waiver of any other right or prior or subsequent breach of this Agreement. Any waiver by a Party of any right or breach of this Agreement by another Party must be in writing and signed by all Parties.

66. Exhibits: The exhibits annexed to this Agreement are incorporated by reference as though fully set forth in this Agreement.

67. Integration and Modification: This Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Neither this Agreement, nor any provision or term of this Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

68. Counterparts and Signatures: This Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument. A signature delivered by fax or other electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-
appointed Receiver for the Madison Timber
Properties Receivership Estate



Date: October 9, 2023

RiverHills Bank



President

Date: 10/8/2023

Jud Watkins



Date: 10/6/2023

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES
COMMISSION

AND

EXCHANGE

Case No. 3:18-cv-252

Plaintiff,

v.

ARTHUR LAMAR ADAMS AND
MADISON TIMBER PROPERTIES, LLC

Defendants.

Hon. Carlton W. Reeves, District
Judge

Hon. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlement and Bar Order with the RiverHills Defendants (ECF No. _____, the “Motion”) filed by Alysson Mills, in her capacity as the Court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (the “Receiver”).¹ The Motion concerns a proposed settlement (the “RiverHills Settlement”) between and among, on the one hand, the Receiver, and, on the other hand Defendants RiverHills

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1 of the Appendix to the Motion (ECF No. _____) (the “RiverHills Settlement Agreement”), have the same meaning as in the Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

EXHIBIT A

Bank (“RiverHills) and Jud Watkins, hereinafter collectively the “RiverHills Defendants.”

The settlement with the RiverHills Defendants is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against the RiverHills Defendants in

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

the separate but related case styled *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Litigation”).

In the Litigation, the Receiver alleges claims against the RiverHills Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The RiverHills Defendants deny liability for all those claims and assert numerous defenses to them. The Receiver also asserted rights as an assignee, pursuant to assignments from MTP Investors who claimed entitlement to recover losses sustained due to their investments in the MTP Ponzi Scheme.⁹ The RiverHills Defendants deny liability for all of those claims, deny the material allegations in the Receiver’s complaint, and assert numerous defenses to the claims.

For more than four years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery*

⁸ Claims were brought against the RiverHills Defendants for (1) civil conspiracy; (2) aiding and abetting; (3) recklessness, gross negligence and negligence; (4) negligent retention and supervision; (5) violation of the Mississippi Fraudulent Transfer Act; (6) violation of the Mississippi Racketeer Influenced and Corrupt Organizations Act; and (7) vicarious liability.

⁹ In those Assignments, claimants who asserted they held interests in promissory notes with outstanding amounts due assigned “to the Receiver any and all claims, causes of action, choses in action, or demands of any type or description that in any way relate to Arthur Lamar Adams or Madison Timber Properties, LLC, and/or arise out of Assignor’s Promissory Notes, which Assignor has or may have against the Third Parties and which the Receiver has asserted or may assert in any of the Lawsuits (‘Assigned Claims’).” The “Third Parties” included “Any and all persons or entities who the Receiver may name a defendant in any lawsuit she may in the future file against third parties who she alleges contributed to the debts of the Receivership Estate.” Any claims the assignors may have had against the RiverHills Defendants related to MTP were therefore assigned to the Receiver.

in Cases Filed By Alysson Mills, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the RiverHills Defendants for \$3,500,000 (the "Settlement Amount"). In return, the RiverHills Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings, and the RiverHills Defendants' Insurance Carriers are to obtain total peace with respect to all claims that have been, or could have been, asserted against them arising out of or related to the RiverHills Policies. The Receiver represents that her negotiations with the RiverHills Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the RiverHills Defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the

RiverHills Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the RiverHills Defendants, which is part of a package of proposed settlements totaling \$19,200,000, guarantees immediate and substantial benefit to Madison Timber’s victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the RiverHills Defendants and the RiverHills Defendants’ Insurance Carriers is conditioned on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the RiverHills Defendants and the RiverHills Defendants’ Insurance Carriers, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the RiverHills Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On October __, 2023, the Receiver filed the Motion, which included as exhibits a proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. __). On_____, 2023, the Court entered an Order Setting Hearing, filed in the filed in the Court’s public records in the cases styled

Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed RiverHills Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfies the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the RiverHills Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order

(hereafter, “Final Bar Order”) is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the RiverHills Settlement Agreement shall have the same meaning as in the RiverHills Settlement Agreement (which this Final Bar Order incorporates by reference). The RiverHills Settlement Agreement and Bar Order (“Final Bar Order”) should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the RiverHills Defendants, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on

her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that notice to the Interested Parties: (i) constituted the best practicable notice to all Interested Parties; (ii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing, and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the RiverHills Defendants by the Receiver and

others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they will be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail on their claims; and (iv) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the RiverHills Defendants' and the RiverHills Defendants' Insurance Carriers' agreement to settle, and that the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the RiverHills Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for

maximizing the net amount recoverable from the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers with respect to the RiverHills Policies, MTP or the Receivership Estate in connection with the settled claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, and a condition to the Settlement, without which the RiverHills Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the RiverHills Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the RiverHills Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the RiverHills Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand

whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding

7. As of the Settlement Effective Date, the RiverHills Defendants' Insurance Carriers shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP

Investors, the Claimants, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with the RiverHills Policies and (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding.

8. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the RiverHills Defendants.

9. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the RiverHills Settlement or the RiverHills Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the RiverHills Settlement or the RiverHills Settlement Agreement, and this Court shall retain jurisdiction over the

Parties' compliance with and to enforce the terms of the RiverHills Settlement and RiverHills Settlement Agreement.

10. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the RiverHills Defendants or any of them, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the RiverHills Defendants that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP

Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the “receivership distribution process.” *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person’s, Claimant’s, entity’s, or Interested Party’s liability to the Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise. The Court also permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the RiverHills Defendants’ Insurance Carriers, or any action, lawsuit, cause of action,

claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the RiverHills Defendants' Insurance Carriers that in any way relates to, is based upon, arises from, or is connected with the RiverHills Policies and (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants' Insurance Carriers where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person's, Claimant's, entity's, or Interested Party's liability to the

Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.. These claims and causes of action are instead channeled into the “receivership distribution process.” *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants’ Insurance Carriers where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person’s, entity’s, or Interested Party’s liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the RiverHills Settlement or payment of the Settlement Amount;

or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Receiver, any Person, entity, or Interested Party to pursue claims against the RiverHills Defendants' Insurance Carriers, except for those claims described in Paragraph 7 relating to the Litigation and arising out of or relating to the RiverHills Policies.

11. The RiverHills Defendants and the RiverHills Defendants Insurance Carriers have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the RiverHills Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this

paragraph shall operate to terminate or cancel the Settlement, the RiverHills Settlement Agreement, or this Final Bar Order.

12. Nothing in this Final Bar Order or the RiverHills Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the Litigation, or any other proceeding.

13. The Receiver is hereby ordered to file the agreed motion to dismiss and motion for final judgment in the Litigation as specified in the RiverHills Settlement Agreement by the deadline set forth in the RiverHills Settlement Agreement. RiverHills is hereby ordered to deliver or cause to be delivered the Settlement Amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) pursuant to the terms and subject to the conditions in the RiverHills Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the RiverHills Settlement Agreement.

14. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the RiverHills Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling order and releases herein,

and to enter orders concerning implementation of the Settlement, the RiverHills Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

16. This Partial Final Judgment and Final Bar Order 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 RiverHills Settlement, the RiverHills Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

EXHIBIT B

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Orders Approving Settlements and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

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Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/_____

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE
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Plaintiff,

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ARTHUR LAMAR ADAMS AND
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Defendants.

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Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on _____ at _____**.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201.** The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement (the “Settlement Agreement”) are: Plaintiff, Alysson Mills, solely in her capacity as the court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties LLC (“MTP”) (the “Receiver”); and Defendant Tammy Vinson (“Vinson”); Defendant Jeannie Chisholm (“Chisholm”); and Defendant Rawlings & MacInnis, P.A., a professional corporation (“R&M”), the former employer of Vinson and Chisholm (collectively, the “Vinson/Chisholm Defendants”). The Receiver and the Vinson/Chisholm Defendants will be referred to individually as a “Party” and together as the “Parties.”

RECITALS

The Recitals to this Agreement are:

A. On April 20, 2018, the United States Securities and Exchange Commission (the “SEC”) initiated *SEC v. Adams*, Case No. 3:18-cv-252-CWR-FKB (now Case No. 3:18-cv-00252-CWR-BWR) (the “SEC Action”), alleging that Adams, MTP and others affiliated with them (collectively, “MTP” as defined below) committed securities fraud by operating a Ponzi scheme (SEC Action ECF No. 3).

B. In an April 20, 2018 order in the SEC Action (ECF No. 5), the United States District Court for the Southern District of Mississippi (i) froze and enjoined MTP from disposing of the assets, and other tangible and intangible monies and property, as further set forth in that order, of MTP and all entities they owned or controlled as of April 20, 2018, and (ii) enjoined MTP from destroying or otherwise disposing of the books and records, accounts, statements, and other

documents which reflect MTP's business activities or the transactions described in the SEC Action complaint.

C. In a June 22, 2018 order (SEC Action ECF No. 33), the Court appointed Alysson Mills Receiver for the Receivership Assets and the Receivership Records (collectively, the "Receivership Estate") with all powers of a Receiver at equity under common law as well as those powers enumerated in that order, as amended by orders in that same matter of August 8, 2018 (SEC Action ECF No. 38), September 20, 2018 (SEC Action ECF No. 44) and May 17, 2019 (SEC Action ECF No. 154) (collectively, the "Receivership Orders").

D. The Receivership Orders vested the Receiver with the general power and duty, among other things "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 ". . . to 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 . . ." and ". . . to take such other action as may be approved by this Court." SEC Action ECF No. 33 at 9.

E. Alysson Mills has served as Receiver continuously since her appointment.

F. On June 30, 2019, the Receiver filed an amended complaint against the Vinson/Chisholm Defendants and others alleging claims for (i) civil conspiracy with MTP and others; (ii) aiding and abetting MTP's and others' breaches of duties to MTP; (iii) recklessness, gross negligence, and negligence in their dealings with MTP and others; (iv) negligent retention and supervision against R&M; and (v) for R&M's vicarious liability for Vinson and Chisholm. *Mills v. The UPS Store, Inc.*, Case No. 3:19-cv-00364-CWR-BWR (S.D. Miss.) ECF No. 14 (the "Vinson/Chisholm Litigation").

G. On August 8, 2019, the Vinson/Chisholm Defendants filed motions to dismiss the amended complaint. Vinson/Chisholm Litigation ECF No. 26.

H. On September 30, 2019, the Court denied the Vinson/Chisholm Defendants' motions to dismiss. Vinson/Chisholm Litigation ECF No. 49.

I. The Vinson/Chisholm Defendants expressly deny any and all allegations of wrongdoing, fault, liability, or damages and enter into this Agreement solely to avoid the burdens, substantial expenses, and risks of litigation.

J. The Receiver has conducted an investigation into the facts and the law relating to the Vinson/Chisholm Litigation and, after considering the results of that investigation, ongoing litigation of the claims against the Vinson/Chisholm Defendants and the benefits of this Agreement, as well as the burdens, expenses, and risks of litigation and collection, has concluded that a settlement with the Vinson/Chisholm Defendants under the terms set forth below is fair, reasonable, adequate, and in the best interests of the Receivership Estate, the Interested Parties (defined below), and all Persons (defined below) affected by MTP or entitled to make claims against the Receivership Assets, and has agreed to enter into the Settlement and this Agreement and to use her best efforts to effectuate the Settlement and this Agreement.

K. The Parties desire to compromise fully, finally, and forever and to effect a global settlement, release and discharge of all claims against the Vinson/Chisholm Defendants arising from or in any way related to MTP, Adams, and their affiliates and their operation of a Ponzi scheme (the "MTP-Related Claims").

L. The Parties have engaged in extensive, good-faith, and arm's-length negotiations leading to this Agreement, including participation in lengthy settlement conferences and mediation proceedings conducted by United States Magistrate Judge Keith F. Ball.

M. Absent approval of this Settlement, the Vinson/Chisholm Litigation will likely take many more years and cost millions of dollars to litigate to final judgment and through appeals, and the outcome of all that litigation would have been uncertain.

N. In *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883 (5th Cir. 2019), the Fifth Circuit affirmed approval of a settlement conditioned on the entry of bar orders enjoining suits filed against the settling defendants in that litigation substantively similar to the Partial Final Judgment and Bar Order attached as Exhibit A.

O. The Receiver has reviewed and approved this Agreement and the terms of the Settlement, as evidenced by her signature to this Agreement.

AGREEMENT

I. Agreement Date

1. This Agreement shall take effect once all Parties have signed the Agreement as of the date of the last signature to the Agreement (the “Agreement Date”).

II. Terms Used in this Settlement Agreement

The terms used in this Agreement and the Partial Final Judgment and Bar Order and defined below, have the following meanings:

2. “Bar Order” means an order entered in the SEC Action and the Vinson/Chisholm Litigation including findings under Federal Rule of Civil Procedure 54(b) and in substantially the form of the Partial Final Judgment and Bar Order attached as Exhibit A. The entry of a Bar Order in substantially the form attached as Exhibit A (i) prohibiting any and all other Persons (including but not limited to Claimants) from pursuing claims against any of the Vinson/Chisholm Defendants related to MTP, and (ii) channeling all claims of Interested Parties related to MTP through the Receivership Estate, is an integral and essential part of this Settlement, and an integral and essential

condition to any obligation for the Vinson/Chisholm Defendants and their insurers to perform under this Settlement Agreement. The Settlement would not have occurred, and will not be consummated, absent entry of a Bar Order that becomes Final.

3. “Claim” means a Person’s alleged potential or asserted right to receive (i) funds from the Receivership Estate, (ii) the funds and assets subject to the authority of the Receiver or (iii) funds from the Vinson/Chisholm Defendants, arising from alleged harm, injury, losses or damages sustained by any Person as a result of the MTP Ponzi scheme and MTP’s related conduct and actions. “Claim” includes, but is not limited to, potential or asserted rights arising from or related to MTP Investments. “Claim” includes any and all claims that MTP Investors may have against the Vinson/Chisholm Defendants related in any way to MTP.

4. “Claim Assigned to Receiver” means any Claim against the Vinson/Chisholm Defendants that has been assigned in writing to the Receiver by any Interested Party.

5. “Claimant” means any Person who has submitted and/or assigned a Claim to the Receiver, including Persons whose Claims are derivative or beneficial through Claims submitted by or through other Persons. Where a Claim has been transferred or assigned to a third party and that transfer has been acknowledged by the Receiver, the transferee is a Claimant, and the transferor is not a Claimant unless the transferor has retained a Claim that has not been transferred.

6. “Distribution Plan” means the plan approved by the Court for the distribution of the Settlement Amount (net of any attorneys’ fees or costs that are awarded by the Court) to Claimants whose Claims the Receiver has allowed.

7. “Final” means unmodified after the conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, or review, judicial or otherwise, including by a court or Forum of last resort, wherever located, whether

automatic or discretionary, whether by appeal or otherwise. The Bar Order shall include findings under Federal Rule of Civil Procedure 54(b) and will become Final as set forth in this paragraph as though that order was entered as a judgment at the end of a case, and the continuing pendency of the SEC Action, Vinson/Chisholm Litigation, or any other litigation or other dispute shall not be construed as preventing that Bar Order from becoming Final.

8. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

9. “Hearing” means a formal proceeding in open court before the Court.

10. “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams; MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

11. “MTP” means Arthur Lamar Adams; Madison Timber Properties, LLC; Madison Timber Company; Wayne Kelly; known and unknown agents of the foregoing; and any entity of any type owned, controlled by, or affiliated with Arthur Lamar Adams on or before April 20, 2018.

12. “MTP Investor” means any Person who directly or indirectly invested money in, or loaned money to, the MTP Ponzi scheme, whether by purchasing promissory notes or securities or otherwise, whether individually or through a collective group or legal entity such as a partnership, limited liability company, limited liability company, corporation, trust, or joint venture.

13. “MTP Investment” means any investment of money in or loaning of money to the MTP Ponzi scheme, including purchase of securities or promissory notes or otherwise, through which any Person claims or has claimed to be entitled to receive payments of money from MTP.

14. “Person” means any natural person or legal entity capable under the law of possessing or enforcing rights, including but not limited to any juridical person, legal entity, company, corporation, limited liability company, limited partnership, joint venture, trust, general partnership, governmental authority, estate, guardian, agency or quasi-governmental person, regardless of location, residence, or nationality.

15. “Receiver” includes the Receiver and all of her counsel.

16. “Releasor” means any Person granting a release of a Settled Claim, including any Person whose Settled Claim is released by another Person acting with authority to do so.

17. “Settled Claim” means any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, administrative law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity against the Vinson/Chisholm Defendants that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Vinson/Chisholm Litigation; (ii) MTP or any of their affiliates or their Ponzi scheme; (iii) any promissory note or investment of any type associated with MTP or any of its affiliates; (iv) the Vinson/Chisholm Defendants’ relationships with MTP or its affiliates; (v) the Vinson/Chisholm Defendants’ provision of services to or for the benefit of or on behalf of MTP, Adams or any of their affiliates; or (vi) any matter asserted in, that could have been asserted in, or that relates to the subject matter of the SEC Action, or any proceeding concerning MTP or any of their affiliates

pending or commenced in any Forum. “Settled Claims” specifically includes, without limitation, all claims each Releasor does not know or suspect to exist in his, her or its favor at the time of release, which, if known by that Person, might have affected his, her or its decisions with respect to this Agreement and the Settlement (“Unknown Claims”). Each Releasor expressly waives, releases, and relinquishes any and all provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, that governs or limits the release of unknown claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
THAT THE CREDITOR OR RELEASING PARTY DOES NOT
KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
THE TIME OF EXECUTING THE RELEASE AND THAT, IF
KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.

Each Releasor acknowledges that he, she or it may hereafter discover facts different from, or in addition to, those that Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Agreement, including the releases granted in it, will remain binding and effective in all respects notwithstanding that discovery. Unknown Claims include contingent and non-contingent claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential, integral element of this Settlement Agreement and the Settlement.

18. “Settlement” means the agreed resolution of the Settled Claims in the manner set forth in this Settlement Agreement.

19. “Settlement Amount” means \$2,200,000.00 in United States currency.

20. “Settlement Effective Date” shall mean seven (7) business days after the Bar Order becomes Final. However, as between the Parties, this Agreement shall be effective once it is executed by the Vinson/Chisholm Defendants and the Receiver and will remain effective until one or more of the Parties withdraws from the Agreement pursuant to any provision of this Agreement that permits withdrawal.

21. “Vinson” includes Tammy Vinson and her counsel and also includes each of their respective past, present and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, insurers as to policies covering the Vinson/Chisholm Defendants or naming any of them as a NAMED INSURED, INSURED, or INSURED PERSON, executors, administrators, relatives, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

22. “Chisholm” includes Jeannie Chisholm and her counsel and also includes each of their respective past, present and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, insurers as to policies covering the Vinson/Chisholm Defendants or naming any of them as a NAMED INSURED, INSURED, or INSURED PERSON, executors, administrators, relatives, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

23. “R&M” includes Rawlings & MacInnis, P.A. and their counsel and also includes each of their respective past, present, and future directors, officers, legal and equitable owners,

shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, insurers as to policies covering the Vinson/Chisholm Defendants or naming any of them as a NAMED INSURED, INSURED, or INSURED PERSON, executors, administrators, relatives, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

24. “Taxes” means any and all taxes, whether federal, state, local, or other taxes related to the Settlement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

III. Delivery of Settlement Amount

25. Stay of the Vinson/Chisholm Litigation: Within three (3) business days of the Agreement Date, the Receiver and the Vinson/Chisholm Defendants shall file joint motions in the Vinson/Chisholm Litigation to stay the Vinson/Chisholm Litigation as to all Parties, including a request to vacate all scheduling orders as to the Vinson/Chisholm Defendants pending a final determination concerning approval of the Settlement and the Bar Order.

26. Delivery of Settlement Amount: Within five business (5) days after the Settlement Effective Date, the Receiver shall provide to Vinson and Chisholm’s counsel an Internal Revenue Service form W-9 and wiring instructions for payment of the Settlement Amount to the Receiver. Thereafter, if and to the extent Vinson and Chisholm need additional information to allow them and their insurer to execute the wire transfer of the Settlement Amount to the Receiver for and on behalf of all of the Vinson/Chisholm Defendants, then the Receiver agrees to make reasonable efforts to provide that information. Within ten (10) business days after the later of the Settlement Effective Date or receipt of the wiring instructions for payment of the Settlement Amount to the

Receiver, Vinson and Chisholm or their insurer shall deliver or cause to be delivered the Settlement Amount to the Receiver for and on behalf of all of the Vinson/Chisholm Defendants.

27. Dismissal of the Vinson/Chisholm Litigation: Within ten (10) business days after receipt of the Settlement Amount, the Receiver shall file with the Court an agreed motion to dismiss fully and finally with prejudice without costs or attorneys' fees all claims against all Vinson/Chisholm Defendants (Vinson, Chisholm and R&M) in the Vinson/Chisholm Litigation.

IV. Use and Management of Settlement Amount

28. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver, the Receiver shall receive and take custody of the Settlement Amount and shall be solely responsible for preparing, seeking approval of, and implementing the Distribution Plan including, without limitation, receiving, managing, and disbursing the Settlement Amount, in accordance with the Court's orders. The Receiver shall be responsible for all Taxes, fees, and expenses that may be due with respect to the Settlement Amount or the management, use, administration, or distribution of the Settlement Amount. In connection with any distribution of the Settlement Amount, the Receiver shall remind, in writing, any recipient of any distribution of the Settlement Amount of the scope and effect of the Bar Order; otherwise, the Receiver owes no duties to the Vinson/Chisholm Defendants in connection with the distribution of the Settlement Amount or the Distribution Plan, and if the Receiver complies with this Agreement and all orders issued by the Court, the Vinson/Chisholm Defendants may not assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the Receivership Estate be liable for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

29. No Liability: The Vinson/Chisholm Defendants shall have no responsibility, obligation, or liability whatsoever with respect to the administration of the Settlement; the management, investment, or distribution of the Settlement Amount or any other funds paid or received in connection with the Settlement; the payment or withholding of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the terms, interpretation, or implementation of the Distribution Plan; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or this Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. Nothing in this paragraph shall alter Vinson and Chisholm's or their insurer's obligations to deliver the Settlement Amount for and on behalf of all of the Vinson/Chisholm Defendants to the Receiver pursuant to the terms of this Settlement Agreement.

V. Motion for Approval of Settlement and Bar Order, and Form and Procedure for Notice.

30. Motion and Notice: No later than seven days after this Settlement Agreement's execution by all Parties, the Receiver shall file a motion (the "Motion") substantially in the form attached as Exhibit B that requests that, after notice and hearing, the Court enter an order approving this Settlement Agreement and the Bar Order required by Paragraph 2 of this Agreement. The Motion shall include: (a) a copy of this Settlement Agreement, with Exhibits; (b) a proposed Order Setting Hearing that instructs the Receiver to provide notice of this Settlement Agreement and the Bar Order to all Interested Parties as defined in this Settlement Agreement, (i) by sending them a detailed description of the Claims, the Settlement, the Bar Order, and their rights to appear and participate at the Hearing on the Motion, in a document acceptable to the Vinson/Chisholm

Defendants (the “Notice”), by United States Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver’s records; (ii) in addition, by sending a copy of the Notice to all Interested Parties via email, to the extent the Receiver is aware of their email addresses; and (iii) by prominently posting the Notice, the Settlement Agreement, the Proposed Partial Final Judgment and Final Bar Order, and all Court filings related to the Settlement on the Receiver’s website, www.madisontimberreceiver.com. In addition, the Receiver shall provide the same Notice, by United States Mail, First Class postage prepaid, and by email, to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.

31. The Receiver Shall Be Solely Responsible for Notice: The Receiver shall be solely responsible for the preparation and dissemination of notice as directed by the Court. In the absence of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Agreement or a court order, no Interested Party or any other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the notice process. In the case of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Agreement or a court order, the Vinson/Chisholm Defendants shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the notice process.

32. No Recourse Against the Vinson/Chisholm Defendants: No Interested Party or any other Person shall have any recourse against the Vinson/Chisholm Defendants with respect to any claims that may arise from or relate to the notice process.

33. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Settlement Agreement and to advocate for and encourage the Court to apply the releases and Bar Order to as broad a population as possible.

34. No Challenge: No Party shall challenge the approval of the Settlement, and no Party will encourage or assist any Interested Party in challenging the Settlement.

VI. Rescission if the Settlement is Not Finally Approved, or the Bar Order is Not Entered

35. Right to Withdraw: The Parties represent and acknowledge each of the following terms was necessary, essential and integral to the Parties' agreement to this Settlement and this Agreement, and that the Settlement would not have been reached in the absence of these terms: (a) Court approval of the Settlement and the terms of this Agreement without material modification or limitation; (b) entry by the Court of the Bar Order in the SEC Action in substantially the form attached as Exhibit A which will be cross-filed in the Vinson/Chisholm Litigation; (c) all these approvals and orders becoming Final, pursuant to Paragraphs 2, 7, 20 and 27 of this Agreement; and (d) the subsequent Final dismissal with prejudice of all claims against the Vinson/Chisholm Defendants in the Vinson/Chisholm Litigation. If the Court refuses to provide the approvals described in (a); if the Court refuses to enter the Bar Order described in (b) without material modification; if the final result of any appeal from the approvals and order described in (a) or (b) is that any of the approvals or order are not affirmed in their entirety and without material modification or limitation; or if the claims against the Vinson/Chisholm Defendants in the Vinson/Chisholm Litigation are not dismissed fully and finally with prejudice, then any of the Receiver and the Vinson/Chisholm Defendants have the right to withdraw agreement to the Settlement and to this Agreement by providing to all other Parties written notice of that withdrawal within fourteen (14) days of the order or judicial determination giving rise to the right to withdraw.

The effective date of the withdrawal will be twenty-one (21) days after the notice of same, during which time the Parties agree to work together in good faith to attempt to negotiate an alternative settlement.

36. Effectiveness of Bar Order: If, before the Settlement Effective Date, the United States Supreme Court or the United States Court of Appeals for the Fifth Circuit issues any opinion or order in any case that renders the Bar Order ineffective as to claims of third parties, including but not limited to claims of MTP Investors, then the Vinson/Chisholm Defendants shall have the right to withdraw from this Settlement Agreement and the Settlement.

37. In the event that any Party withdraws its agreement to the Settlement or this Agreement pursuant to Paragraph 35 or 36, this Agreement will be null and void and of no further effect whatsoever, shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except for the provisions of Paragraph 35 and 36 and this paragraph, which shall survive), and shall not be the subject or basis for any claims or defenses by any Party against any other Party other than to enforce the surviving terms of this Agreement. If any Party withdraws from this Agreement pursuant to the terms of Paragraph 35 or 36, then each Party shall be returned to that Party's respective position immediately prior to such Party's execution of the Agreement except as set forth in the surviving terms of this Agreement listed in Paragraph 38.

38. The Parties do not have the right to withdraw from, or otherwise terminate, the Agreement for any reason other than the reasons identified in Paragraph 35. The following paragraphs of this Agreement shall survive termination due to withdrawal of the Settlement Agreement: 35, 36, 37 and 38.

VII. Releases and Covenant Not to Sue

39. Release of the Vinson/Chisholm Defendants: Upon date of the receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including Adams and MTP), fully, finally, and forever releases, relinquishes, and discharges, with prejudice, all Settled Claims against the Vinson/Chisholm Defendants, which includes Vinson, Chisholm and R&M.

40. Release of the Receiver: As of the Settlement Effective Date, the Vinson/Chisholm Defendants fully, finally and forever release, relinquish, and discharge with prejudice all Settled Claims against the Receiver.

41. No Release of Obligations Under Settlement Agreement: Notwithstanding anything to the contrary in this Agreement, the releases and covenants contained in this Agreement do not release the Parties' rights and obligations under this Agreement or the Settlement, nor do they bar the Parties from enforcing or effectuating this Agreement or the Settlement.

42. Covenant Not to Sue: As of the date of receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP), covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute, directly or indirectly, or through a third party, against any of the Vinson/Chisholm Defendants any lawsuit, investigation, demand, or other proceeding, whether individually, derivatively, on behalf of, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Effective as of the Agreement Date, the Vinson/Chisholm Defendants covenant not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against any of the Receiver, lawsuit, investigation, demand, or other proceeding, directly or indirectly, or through a third party, whether individually, derivatively, on behalf or, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other

Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Agreement.

VIII. Representations and Warranties

43. No Assignment, Encumbrance, or Transfer: The Receiver represents and warrants that she is the owner of the Settled Claims that she is releasing under this Agreement and she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that she is releasing under this Agreement. The Vinson/Chisholm Defendants represent that they are the owners of the Settled Claims that they are releasing under this Agreement and that they have not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that they are releasing under this Agreement.

44. Claims Assigned to Receiver. The Receiver represents and warrants that the assignments produced confidentially in the Litigation as documents Bates numbered MTR_00354875-5530 are (i) true and correct copies of the instruments executed to reflect the Claims Assigned to Receiver, as that term is defined in Paragraph 4; (ii) accurately reflect and include all Claims Assigned to Receiver; and (iii) have not been revoked or cancelled.

45. Authority: Each person executing this Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the Person each represents and that each has the authority to take appropriate action required or permitted to be taken pursuant to this Agreement to effectuate its terms.

IX. No Admission of Fault or Wrongdoing

46. The Settlement, this Agreement, and the negotiation and mediation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession of any violation

of any statute, liability, or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the Complaints or Amended Complaints, claims, allegations, or defenses asserted or that could have been asserted in the SEC Action, the Vinson/Chisholm Litigation, or any other proceeding relating to any Settled Claim, or any other proceeding in any Forum. The Settlement and this Agreement are a resolution of disputed claims to avoid the risk and substantial expense of protracted litigation. The Settlement, this Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the SEC Action, the Vinson/Chisholm Litigation, or in any other proceeding, other than to enforce the terms or intent of the Settlement and this Agreement or to defend against or facilitate a dismissal of any other proceeding against the Vinson/Chisholm Defendants.

X. Non-Disparagement

47. In connection with the Settlement and this Agreement, the Receiver and her counsel shall not make, disseminate, or publish any statement outside of court, including a statement in the press, or on the Receiver's website or social media, that would denigrate or embarrass the Vinson/Chisholm Defendants, or that is otherwise negative or derogatory towards the Vinson/Chisholm Defendants. Nothing in this paragraph shall prevent the Receiver or her counsel from reporting the Receiver's activities to the Court or the SEC; from responding as necessary to inquiries from the Court or other governmental authorities; or from carrying out any of the Receiver's duties under any order addressing the scope of the Receiver's duties. Any violation of the terms of this paragraph shall not be a basis to withdraw from the Agreement. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

48. In connection with the Settlement and this Agreement, the Vinson/Chisholm Defendants shall not make, disseminate, or publish any statement outside of court, including a

statement in the press, which would denigrate or embarrass the Receiver. Nothing in this paragraph shall prevent any of the Vinson/Chisholm Defendants from reporting their activities to the Court; from responding as necessary to inquiries from the Court or other governmental authorities; from taking any step they believe, in their sole and absolute discretion, is necessary to enforce the Settlement or this Agreement; from responding to any request for discovery in any other litigation related to MTP or any subpoena; or from discussing the Settled Claims, the Settlement, and this Agreement with its own officers, shareholders, employees, affiliates, current and potential insurers, insurance brokers, regulators, lawyers, auditors or accountants. Notwithstanding the foregoing, however, the Vinson/Chisholm Defendants do not have a duty to cooperate in responding to discovery requests and/or trial subpoenas (except as required by law) in the SEC Action, or in any other action relating to the MTP Ponzi scheme. Any violation of the terms of this paragraph shall not be a basis to withdraw from the Agreement. The relief available for any violation of the terms of this paragraph shall be limited to money damages.

XI. Miscellaneous

49. Final and Complete Resolution: The Parties intend this Agreement and the Settlement to be and constitute, to the greatest extent possible, a final and complete resolution of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and (2) the Vinson/Chisholm Defendants on the other hand, as well as a final and complete resolution of all matters and disputes arising out of or relating to the Settled Claims, and this Agreement, including its exhibits, shall be interpreted to effectuate this purpose.

50. Binding Agreement: As of the Agreement Date, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors,

administrators, successors, and assigns. No Party may assign any of its rights or obligations under this Agreement without the express written consent of the other Parties.

51. Incorporation of Recitals: The Recitals contained in this Agreement are essential terms of this Agreement and are incorporated here for all purposes.

52. Disclaimer of Reliance: In executing this Agreement, the Parties unequivocally represent, acknowledge, and state that they were represented by counsel in the negotiation and formation of this Agreement, which negotiation was conducted by the Parties at arm's length, and the Parties are relying solely upon each Party's own independent knowledge, understanding, and investigation of the matters pertinent to this Agreement and have not seen, heard, or relied upon any promises, statements, representations, covenants, or warranties, whether written or oral, express or implied, made by one another or by any representative or other Person or entity and that no Party had any duty to make any disclosures, except to the extent expressly stated in this Agreement. The Parties hereby waive, release, and disclaim any right or ability to seek to revoke, rescind, vacate, or otherwise avoid the operation and effect of this Agreement on the basis of any alleged fraudulent inducement, misrepresentation, or material omission by any of the undersigned or their representatives, or on the basis of mutual or unilateral mistake of fact or law, or newly discovered information, and acknowledge that they are completely satisfied with this settlement, as reflected in this Agreement.

53. Third-Party Beneficiaries: This Agreement is not intended to and does not create rights enforceable by any Person other than the Parties as defined in this Agreement (or their respective heirs, executors, administrators, successors, and assigns, as provided in Paragraph 50 of this Settlement Agreement).

54. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Agreement, that no Party should or shall be deemed the drafter of this Agreement or any provision hereof, and that any rule, presumption, or burden of proof that would construe this Agreement, any ambiguity, or any other matter, against the drafter shall not apply and is waived. The Parties enter into this Agreement freely, after good-faith, arm's-length negotiation, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Agreement are for convenience only, are not part of this Agreement, and shall not bear on the meaning of this Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The words "and" and "or" shall be interpreted broadly to have the most inclusive meaning, both conjunctive and disjunctive. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. "Any" shall be understood to include and encompass "all," and "all" shall be understood to include and encompass "any."

55. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Agreement or the Settlement, including the Bar Order, the Parties agree to cooperate with each other, including using reasonable efforts to make documents or personnel available as needed to defend any challenge. Further, the Parties shall reasonably cooperate to defend and enforce the Bar Order required under this Agreement.

56. Avoidance of Unnecessary Expense and Burdens for the Vinson/Chisholm Defendants: The Receiver will take all reasonable measures to refrain entirely from conducting

discovery of the Vinson/Chisholm Defendants in other ongoing litigation and proceedings, and if such discovery is required, the Receiver will undertake to minimize the burden on the Vinson/Chisholm Defendants.

57. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

To Vinson/Chisholm Defendants:

Tammy Vinson

G. Todd Burwell
BURWELL EISENBERGER, PLLC
124 One Madison Plaza, Suite 2100
Madison, MS 39110
Telephone: (601) 427-4470
tburwell@be-llc.com

Jeannie Chisholm

G. Todd Burwell
BURWELL EISENBERGER, PLLC
124 One Madison Plaza, Suite 2100
Madison, MS 39110
Telephone: (601) 427-4470
tburwell@be-llc.com

Rawlings & MacInnis, P.A.

G. Todd Burwell
BURWELL EISENBERGER, PLLC
124 One Madison Plaza, Suite 2100
Madison, MS 39110
Telephone: (601) 427-4470
tburwell@be-llc.com

Michael S. MacInnis
RAWLINGS & MACINNIS, P.A.
P.O. Box 1789
1296 Highway 51 North
Madison, MS 39110
mike@rawlingsmacinnis.net

To Receiver:

Alysson Leigh Mills
650 Poydras Street, Suite 1525
New Orleans, LA 70130
alysson@alyssonmills.com

Brent B. Barriere
Kaja S. Elmer
FISHMAN HAYGOOD, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170-4600
Bbarriere@fishmanhaygood.com
kelmer@fishmanhaygood.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

58. Choice of Law: This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to the choice-of-law principles of Mississippi or any other jurisdiction.

59. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to the Settlement or this Agreement, including breach, interpretation, effect, or validity of this Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Southern District of Mississippi, Northern Division. Solely with respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

60. Costs to Enforce Agreement: If any action is brought to enforce the Settlement or this Agreement, the prevailing party shall be entitled an award of costs and reasonable attorneys' fees.

61. United States Currency: All dollar amounts in this Agreement are expressed in United States dollars.

62. Timing: If any deadline imposed by this Agreement falls on a non-business day, then the deadline is extended until the next business day.

63. Waiver: The waiver by a Party of any right or breach of this Agreement by another Party shall not be deemed a waiver of any other right or prior or subsequent breach of this Agreement. Any waiver by a Party of any right or breach of this Agreement by another Party must be in writing and signed by all Parties.

64. Exhibits: The exhibits annexed to this Agreement are incorporated by reference as though fully set forth in this Agreement.

65. Integration and Modification: This Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Neither this Agreement, nor any provision or term of this Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

66. Counterparts and Signatures: This Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument. A signature delivered by fax or other

electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

Alysson Mills, in her capacity as court-appointed Receiver for the estates of Arthur Lamar Adams and Madison Timber Properties, LLC



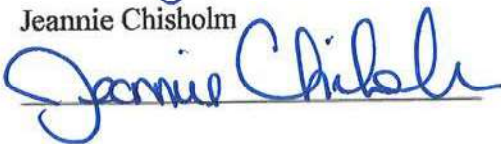
Date: October 9, 2023

Tammy Vinson



Date: 10/6/23

Jeannie Chisholm



Date: 10/6/23

Rawlings & MacInnis, P.A.



Date: 10/6/23

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

The Motion asks the Court to approve proposed settlements totaling \$19,200,000.00, of which the Receiver’s proposed settlement with Defendants Tammy

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1.4 of the Appendix to the Motion (ECF No. _____) (the “Vinson/Chisholm Settlement Agreement”), have the same meaning as in the Vinson/Chisholm Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

Vinson (“Vinson”), Jeannie Chisholm (“Chisholm”) and Rawlings & MacInnis, P.A. (“R&M”), the former employer of Vinson and Chisholm (collectively, the “Vinson/Chisholm Defendants”), accounts for \$2,200,000.00.

The settlement with the Vinson/Chisholm Defendants is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed an amended complaint against the Vinson/Chisholm

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Defendants and others in the separate but related case styled *Mills v. The UPS Store, Inc.*, Case No. 3:19-cv-00364-CWR-BWR (S.D. Miss.) (the “Vinson/Chisholm Litigation”).

In the Vinson/Chisholm Litigation, the Receiver alleges claims against the Vinson/Chisholm Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The Vinson/Chisholm Defendants strongly deny liability for all those claims and assert numerous defenses to them.

For more than three years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000.00, of

⁸ Claims were also brought against the Vinson/Chisholm Defendants for (1) civil conspiracy with MTP and others; (2) aiding and abetting MTP’s and others’ breaches of duties to MTP; (3) recklessness, gross negligence and negligence in their dealings with MTP and others; (4) negligent retention and supervision; and (5) vicarious liability.

which the Receiver's proposed settlement with the Vinson/Chisholm Defendants accounts for \$2,200,000.00 (the "Settlement Amount"). In return, the Vinson/Chisholm Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with the Vinson/Chisholm Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the Vinson/Chisholm Defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the Vinson/Chisholm Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the Vinson/Chisholm Defendants which is part of a package of proposed settlements totaling \$19,200,000.00, guarantees immediate and substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the Vinson/Chisholm Defendants is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory

entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here

is necessary to obtain settlement with the Vinson/Chisholm Defendants which proceeds can be distributed equitably to Madison Timber's victims through the Receivership Estate.

The public's interest

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the Vinson/Chisholm Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court's public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. The UPS Store, Inc.*, Case No. 3:19-cv-00364-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested Parties who wished to address the proposed settlement at the

hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the Vinson/Chisholm Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Vinson/Chisholm Settlement Agreement shall have the same meaning as in the Vinson/Chisholm Settlement Agreement (which this Final Bar Order incorporates by reference). The Vinson/Chisholm Settlement Agreement and Bar Order ("Final Bar Order") should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir.

2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the Vinson/Chisholm Defendants, arising from alleged hard, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object to and be heard regarding the Settlement and this Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal

Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits, value and collectability of the claims asserted against the Vinson/Chisholm Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail or collect on their claims; and (iii) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the Vinson/Chisholm Defendants' agreement to settle, and that the Vinson/Chisholm Defendants would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Vinson/Chisholm Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the Receiver's claims, and their suits

directly affect the Receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants.) The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the Vinson/Chisholm Defendants for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the Vinson/Chisholm Defendants, MTP and other Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential and required component to achieve the Settlement, without which the Vinson/Chisholm Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Vinson/Chisholm Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed

to implement and consummate the Settlement in accordance with the terms and provisions of the Vinson/Chisholm Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, administrative law or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) the Vinson/Chisholm Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the Vinson/Chisholm Defendants' provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or

commenced in any Forum, whether now known or unknown and whether or not asserted in the Vinson/Chisholm Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the Vinson/Chisholm Defendants.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Vinson/Chisholm Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Vinson/Chisholm Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and the Vinson/Chisholm Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance

or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the Vinson/Chisholm Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the Vinson/Chisholm Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Vinson/Chisholm Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Vinson/Chisholm Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money

owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the Vinson/Chisholm Defendants.

10. The Vinson/Chisholm Defendants have no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Vinson/Chisholm Settlement Agreement; or any losses, attorneys'

fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the Vinson/Chisholm Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Vinson/Chisholm Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, amended complaints, claims, allegations, or defenses in the Vinson/Chisholm Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss in the Vinson/Chisholm Litigation as specified in paragraph 27 of the Vinson/Chisholm Settlement Agreement by the deadline set forth in that paragraph. Vinson and Chisholm or their insurer are hereby ordered to deliver or cause to be delivered the Settlement Amount (\$2,200,000.00) pursuant to the terms and subject to the conditions in the Vinson/Chisholm Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Vinson/Chisholm Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation,

consummation, and enforcement of the Settlement, the Vinson/Chisholm Settlement Agreement, the Order Setting Hearing, and this Final Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Vinson/Chisholm Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Vinson/Chisholm Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

Exhibit B

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Orders Approving Settlements and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern
Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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kelmer@fishmanhaygood.com

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]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-
cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on _____ at _____**.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201.** The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement are Alysson Mills, in her capacity as the court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (collectively, the “Receiver”), and Southern Bancorp Bank (“Southern Bancorp”). The Receiver and Southern Bancorp will be referred to individually as a “Party” and together as the “Parties.”

RECITALS

The Recitals to this Settlement Agreement are:

A. On April 20, 2018, the United States Securities and Exchange Commission (the “SEC”) initiated *SEC v. Adams*, Case No. 3:18-cv-252-CWR-FKB (now Case No. 3:18-cv-00252-CWR-BWR) (the “SEC Action”), alleging that Adams and Madison Timber Properties, LLC and others affiliated with them (together, “MTP” as defined below) committed securities fraud by operating a Ponzi scheme (SEC Action ECF No. 3).

B. In an April 20, 2018, order in the SEC Action (ECF No. 5), the United States District Court for the Southern District of Mississippi (i) froze and enjoined Adams and Madison Timber Properties, LLC from disposing of the assets, and other tangible and intangible monies and property, as further set forth in that order, of Adams and Madison Timber Properties, LLC and all entities they owned or controlled as of April 20, 2018, and (ii) enjoined Adams and Madison Timber Properties, LLC from destroying or otherwise disposing of the books and records, accounts, statements, and other documents which reflect Adams’ and Madison Timber Properties, LLC’s business activities or the transactions described in the SEC Action complaint.

C. In a June 22, 2018, order (SEC Action ECF No. 33), the Court appointed Alysson Mills as Receiver for the Receivership Property and the Receivership Records (both as defined in

the June 22, 2018, order (SEC Action ECF No. 33)), collectively, the “Receivership Estate”) with all powers of a Receiver at equity under common law as well as those powers enumerated in that order, as amended by orders in that same matter of August 8, 2018 (SEC Action ECF No. 38), September 20, 2018 (SEC Action ECF No. 44) and May 17, 2019 (SEC Action ECF No. 154) (collectively, the “Receivership Orders”).

D. The Receivership Orders vested the Receiver with the general power and duty, among other things, “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 “. . . to 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 . . .” and “. . . to take such other action as may be approved by this Court.” SEC Action ECF No. 33 at 9.

E. Alysson Mills has served as Receiver continuously since her appointment.

F. On December 30, 2019, the Receiver filed her complaint against Southern Bancorp and other defendants alleging *inter alia* claims for (i) civil conspiracy; (ii) aiding and abetting; (iii) recklessness, gross negligence, and negligence in their dealings with Adams, MTP and others; (iv) negligent retention and supervision; (v) violation of Mississippi’s Fraudulent Transfer Act; (vi) violation of Mississippi’s Racketeer Influenced and Corrupt Organization Act (“MRICO”); and (vii) vicarious liability. The Receiver’s complaint also asserted that “investors have assigned their claims against Defendants to the Receiver . . .” *Mills v. Trustmark National Bank, et al.*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Trustmark Litigation”), ECF No. 1, ¶ 8.

G. Southern Bancorp and others filed motions to dismiss the original complaint.

H. On May 4, 2020, the Court entered a text order staying discovery pending the Court's resolution of motions to dismiss.

I. On January 28, 2022, the Court consolidated the Trustmark Litigation with three other cases solely for discovery purposes, opening a case styled *In Re Consolidated Discovery in Cases Filed by Alysson Mills, in Her Capacity as Receiver for Arthur Lamar Adams and Madison Timber Properties, LLC*, Case No. 3:22-cv-00036-CWR-BWR (the "Consolidated Discovery Case").

J. On March 1, 2021, the Court dismissed the Receiver's negligent retention claim and her MRICO claim against Southern Bancorp. Trustmark Litigation ECF No. 67.

K. Southern Bancorp expressly denies any and all allegations of wrongdoing, fault, liability, or damages and enters into this Settlement Agreement solely to avoid the burdens, substantial expenses, and risks of litigation, including not only the pending Trustmark Litigation, but also any and all other claims or litigation or proceedings that might have arisen, or that might arise, in connection with Adams and MTP. The entry of a Partial Final Judgment and Final Bar Order acceptable to Southern Bancorp, substantially identical to the proposed Partial Final Judgment and Final Bar Order attached as Exhibit A hereto, (i) prohibiting any and all other Persons (including but not limited to Interested Parties) from pursuing claims against Southern Bancorp related to MTP, and (ii) channeling all claims of Interested Parties related to MTP through the Receivership Estate, is an integral and essential part of this Settlement and an essential condition to any obligation for Southern Bancorp to perform under this Settlement Agreement. The Settlement would not have occurred and will not be consummated absent entry of the Bar Order that becomes Final.

L. The Receiver has conducted an investigation into the facts and the law relating to the Trustmark Litigation and, after considering the results of that investigation, ongoing litigation of the claims against Southern Bancorp, and the benefits of this Settlement Agreement, as well as the burdens, expenses, and risks of litigation, has concluded that a settlement with Southern Bancorp under the terms set forth herein is fair, reasonable, adequate, and in the best interests of the Receivership Estate, the Interested Parties (defined below), and all Persons (defined below) affected by MTP or entitled to make claims against the Receivership Estate, and has agreed to enter into the Settlement and this Settlement Agreement and to use her best efforts to effectuate the Settlement and this Settlement Agreement.

M. The Parties desire to compromise fully, finally, and forever and to effect a global settlement and discharge of all claims against Southern Bancorp arising from or in any way related to MTP.

N. The Parties have engaged in extensive, good-faith, and arm's-length negotiations leading to this Settlement Agreement, including participation in lengthy settlement conferences and mediation proceedings conducted by United States Magistrate Judge F. Keith Ball.

O. Absent approval of this Settlement, the Trustmark Litigation will likely take many more years and cost millions of dollars to litigate to final judgment and through appeals, and the outcome of the litigation would be uncertain.

P. In *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883 (5th Cir. 2019), the United States Court of Appeals for the Fifth Circuit affirmed approval of a settlement conditioned on the entry of bar orders enjoining suits filed against the settling defendants in that litigation, demonstrating the propriety of the Proposed Partial Final Judgment and Final Bar Order attached as Exhibit A.

Q. The Receiver has reviewed, approved, and entered into this Settlement Agreement and the terms of the Settlement, as evidenced by her signature to this Settlement Agreement.

AGREEMENT

I. Settlement Agreement Date

1. This Settlement Agreement shall take effect once all Parties have signed the Settlement Agreement as of the date of the last signature to the Settlement Agreement (the “Settlement Agreement Date”).

II. Terms Used in this Settlement Agreement

The terms used in this Settlement Agreement and the Partial Final Judgment and Final Bar Order and defined below, have the following meanings:

2. “Settlement Agreement” means this agreement.
3. “Bar Order” means an order entered in the SEC Action including findings under Federal Rule of Civil Procedure 54(b), substantially identical to the proposed Partial Final Judgment and Final Bar Order attached hereto as Exhibit A. The provisions of this Settlement Agreement concerning entry of a Bar Order were separately bargained for. Entry and finality of a Bar Order acceptable to Southern Bancorp are essential, integral elements and a condition precedent of Southern Bancorp’s obligations under this Settlement Agreement and the Settlement.
4. “Claim” means a Person’s alleged, potential or asserted right to receive (i) funds from the Receivership Estate, (ii) funds and assets subject to the authority of the Receiver, or (iii) funds from Southern Bancorp, arising from alleged harm, injury, losses or damages sustained by any Person as a result of the MTP Ponzi scheme and MTP’s related conduct and actions. “Claim” includes, but is not limited to, potential or asserted rights arising from or related to MTP

Investments. “Claim” includes any and all claims that MTP Investors may have against Southern Bancorp related in any way to MTP.

5. “Claim Assigned to Receiver” means any Claim that has been assigned in writing to the Receiver by any Interested Person.

6. “Claimant” means any Person who has submitted a Claim to the Receiver, including Persons whose claims are derivative or beneficial via Claims submitted by or through other Persons. Where a Claim has been transferred or assigned to a third party and such transfer has been acknowledged by the Receiver, the transferee is a Claimant.

7. “Distribution Plan” means the plan approved by the Court for the distribution of the Settlement Amount (net of any attorneys’ fees or costs that are awarded by the Court).

8. “Final” means unmodified after the conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, rehearing, certiorari, or review, judicial or otherwise, including by a court or Forum of last resort, wherever located, whether automatic or discretionary or as a matter of right, whether by appeal or otherwise. The Bar Order shall include findings under Federal Rule of Civil Procedure 54(b) and will become Final as set forth in this paragraph as though such order was entered as a judgment at the end of a case, and the continuing pendency of the SEC Action, Trustmark Litigation, or any other litigation or other dispute shall not be construed as preventing such Bar Order from becoming Final.

9. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

10. “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; MTP; MTP Investors; every Person who owns or claims to own a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of

the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

11. “MTP” means Arthur Lamar Adams; Madison Timber Properties, LLC; Madison Timber Company; Wayne Kelly; known and unknown agents of the foregoing; and any entity of any type owned, controlled by, or affiliated with Arthur Lamar Adams on or before April 20, 2018.

12. “MTP Investor” means any Person who directly or indirectly invested money in the MTP Ponzi scheme, whether by purchasing promissory notes or securities or otherwise, whether individually or through a collective group or legal entity such as a partnership, limited liability company, corporation, trust or joint venture.

13. “MTP Investment” means any investment of money in the MTP Ponzi scheme, including purchase of securities or promissory notes or otherwise, through which any Person claims or has claimed to be entitled to receive payments of money from MTP.

14. “MTP Ponzi scheme” means the Ponzi scheme at issue in the Trustmark Litigation and related litigation.

15. “Person” means any natural person or legal entity capable under the law of possessing or enforcing rights, including but not limited to any individual, juridical person, legal entity, company, corporation, partnership, joint venture, trust, governmental authority, estate, guardian, agency or quasi-governmental person, regardless of location, residence, or nationality.

16. “Receiver” includes the Receiver, all of her counsel, and anyone acting on her behalf in her capacity as Receiver.

17. “Releasor” means any Person granting a release of a Settled Claim, including any Person whose Settled Claim is released by another Person acting with authority to do so.

18. “Settled Claim” means any claim, whether or not currently asserted, known or unknown, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, equity, or otherwise, and whether based on contract or tort, or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity against Southern Bancorp that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Trustmark Litigation and the claims that were or could have been asserted against Southern Bancorp therein; (ii) Adams, MTP, or any of their affiliates; (iii) any promissory note or investment of any type issued by or associated with MTP or any of its affiliates; (iv) Southern Bancorp’s relationships with Adams, MTP or their affiliates; and (v) Southern Bancorp’s provision of services to or for the benefit of or on behalf of Adams, MTP or any of their affiliates. “Settled Claim” includes every Claim against Southern Bancorp that the Receiver has the power, authority, or capacity to settle, resolve and release. “Settled Claims includes” but is not limited to all Claims Assigned to Receiver. “Settled Claims” includes all claims held by any Person, including but not limited to all MTP Investors, based on, or arising from, or related to, MTP Investments or non-payment by MTP of principal and interest owed under promissory notes or securities issued by or on behalf of MTP. “Settled Claims” does not include any claims Southern Bancorp may have against any insurance carrier or provider in connection with the Litigation or the Settled Claims; Southern Bancorp reserves any and all claims against all insurance carriers and providers, and those claims are not settled hereby. “Settled Claims” specifically includes, without limitation, all claims each Releasor, Claimant or Person does not know or suspect to exist in his favor at the time of release, which, if known by that Person, might have affected his decisions with respect to this Settlement Agreement and the Settlement (“Unknown Claims”). Each Releasor expressly waives, releases, and relinquishes any and all

provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, that governs or limits the release of unknown claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Each Releasor acknowledges that he may hereafter discover facts different from, or in addition to, those that Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Settlement Agreement, including the releases granted in it, will remain binding and effective in all respects notwithstanding that discovery. Unknown Claims include contingent and non-contingent claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential element of this Settlement Agreement and the Settlement.

19. “Settlement” means the agreed resolution of the Settled Claims in the manner set forth in this Settlement Agreement.

20. “Settlement Amount” means Five hundred thousand United States dollars (\$500,000.00).

21. “Settlement Effective Date” means the date on which the last of the following occurs: (i) the Bar Order becomes Final, and (ii) the Partial Final Judgment becomes Final.

22. “Southern Bancorp” includes Southern Bancorp Bank and its counsel and also includes each of its respective past, present, and future directors, officers, legal and equitable

owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, joint ventures and joint venturers, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest.

23. “Taxes” means any and all taxes, whether federal, state, local, or other taxes related to the Settlement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

III. Stay of Litigation; Delivery of Settlement Amount; Dismissal with Prejudice of Litigation

24. Stay of the Trustmark Litigation: Within five (5) business days of the Settlement Agreement Date, the Receiver and Defendants shall file joint motions in the Trustmark Litigation to stay the Trustmark Litigation as to all Parties, including a request to vacate all scheduling orders as to Southern Bancorp, pending a final determination concerning approval of the Settlement and the Bar Order.

25. Delivery of Settlement Amount: Within five (5) business days after the Settlement Effective Date, the Receiver shall provide to Southern Bancorp’s counsel wiring instructions for payment of the Settlement Amount to the Receiver. Thereafter, if and to the extent Southern Bancorp needs additional information to allow Southern Bancorp to execute the wire transfer of the Settlement Amount to the Receiver, then the Receiver agrees to make reasonable efforts to provide that information. Within ten (10) business days after the later of the Settlement Effective Date or receipt of the wiring instructions for payment of the Settlement Amount to the Receiver, Southern Bancorp shall deliver or cause to be delivered the Settlement Amount to the Receiver.

26. Dismissal of the Trustmark Litigation: Within ten (10) business days after receipt of the Settlement Amount, the Receiver shall file with the Court an agreed motion to dismiss fully and finally with prejudice without costs or attorneys' fees all claims against all Southern Bancorp in the Trustmark Litigation and shall submit to the Court a proposed Final Judgment of Dismissal of the Trustmark Litigation with respect to Southern Bancorp, in forms approved by Southern Bancorp's counsel.

IV. Use and Management of Settlement Amount

27. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver, the Receiver shall receive and take custody of the Settlement Amount and shall be solely responsible for preparing, seeking approval of, and implementing the Distribution Plan including, without limitation, receiving, managing, and disbursing the Settlement Amount in accordance with the Court's orders. The Receiver shall be responsible for all Taxes, fees, and expenses that may be due with respect to the Settlement Amount or the management, use, administration, or distribution of the Settlement Amount. In connection with any distribution of the Settlement Amount, the Receiver shall remind, in writing, any recipient of any distribution of the Settlement Amount of the scope and effect of the Bar Order including notice that the Settlement and Final Bar Order preclude any further claims or litigation against, or collection from, Southern Bancorp in connection with the Settled Claims; otherwise, the Receiver owes no duties to Southern Bancorp in connection with the distribution of the Settlement Amount or the Distribution Plan, other than compliance with Court orders, and if the Receiver complies with this Settlement Agreement and all orders issued by the Court, Southern Bancorp may not assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the Receivership Estate be liable to Southern

Bancorp for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

28. No Liability: Southern Bancorp shall have no responsibility, obligation, or liability whatsoever with respect to the administration of the Settlement; the management, investment, or distribution of the Settlement Amount or any other funds paid or received in connection with the Settlement; the payment or withholding of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the terms, interpretation, or implementation of the Distribution Plan; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or this Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. Nothing in this paragraph shall alter Southern Bancorp's obligations to deliver the Settlement Amount to the Receiver pursuant to the terms of this Settlement Agreement.

V. Motion for Approval of Settlement, and Form and Procedure for Notice

29. Motion and Notice: No later than seven days after this Settlement Agreement's execution by all Parties, the Receiver shall file a motion (the "Motion") substantially in the form attached as Exhibit B hereto that requests that, after notice and hearing, the Court enter an order approving this Settlement Agreement and the Bar Order identified in Paragraph 3 of this Settlement Agreement. The Motion shall include: (a) a copy of this Settlement Agreement, with Exhibits; (b) a proposed Order Setting Hearing that instructs the Receiver to provide notice of this Settlement Agreement and the Bar Order to all Interested Parties as defined in this Settlement Agreement, (i) by sending them a detailed description of the Claims, the Settlement, the Bar Order, and their rights to appear and participate at the Hearing on the Motion, in a document acceptable to the Trustmark

Defendants (the “Notice”), by United States Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver’s records; (ii) in addition, by sending a copy of the Notice to all Interested Parties via email, to the extent the Receiver is aware of their email addresses; and (iii) by prominently posting the Notice, the Settlement Agreement, the Proposed Partial Final Judgment and Final Bar Order, and all Court filings related to the Settlement on the Receiver’s website, www.madisontimberreceiver.com. In addition, the Receiver shall provide the same Notice, by United States Mail, First Class postage prepaid, and by email, to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.

30. The Receiver Shall Be Solely Responsible for Notice: The Receiver shall be solely responsible for the preparation and dissemination of notice as directed by the Court. In the absence of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Settlement Agreement or a court order, no Interested Party or any other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the notice process. In the case of intentional refusal by the Receiver to prepare and disseminate notice pursuant to this Settlement Agreement or a court order, Southern Bancorp shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the notice process.

31. No Recourse Against Southern Bancorp: No Interested Party or any other Person shall have any recourse against Southern Bancorp with respect to any claims that may arise from or relate to the notice process.

32. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Settlement Agreement and to advocate for and encourage the Court to apply the releases and Final Bar Order to as broad a population as possible.

33. No Challenge: No Party shall challenge the approval of the Settlement, and no Party will encourage or assist any Interested Party in challenging the Settlement.

VI. Rescission if the Settlement is Not Finally Approved or the Bar Order is Not Entered

34. Right to Withdraw: The Parties represent and acknowledge each of the following terms was necessary and essential to the Parties' agreement to this Settlement and this Settlement Agreement, and that the Settlement would not have been reached in the absence of these terms: (a) Court approval of the Settlement and the terms of this Settlement Agreement without material modification or limitation; (b) entry by the Court of the Partial Final Judgment and Final Bar Order in the SEC Action substantially identical to the form attached as Exhibit A, which will be cross-filed in the Trustmark Litigation; (c) all these approvals and orders becoming Final, as defined in Paragraph 8 and as required by this Settlement Agreement; and (d) the subsequent Final judgment of dismissal with prejudice of all claims against Southern Bancorp in the Trustmark Litigation. If the Court refuses to provide the approvals described in (a), or if the Court refuses to enter the Bar Order described in (b) without material modification, or if the final result of any appeal from the approvals and order described in (a) or (b) is that any of the approvals or order are not affirmed in their entirety and without material modification or limitation, or if the claims against Southern Bancorp in the Trustmark Litigation are not dismissed fully and finally with prejudice, then the Receiver or Southern Bancorp has the right to withdraw agreement to the Settlement and to this Settlement Agreement by providing to all other Parties written notice of that withdrawal within fourteen (14) days of becoming aware of the order or judicial determination giving rise to the right to withdraw. The effective date of the withdrawal will be twenty-one (21) days after the notice of same, during which time the Parties agree to work together in good faith to attempt to negotiate an alternative settlement.

35. In the event that any Party withdraws its agreement to the Settlement or this Settlement Agreement pursuant to Paragraph 34 or Paragraph 46, this Settlement Agreement and any prior negotiations or agreements in principle related to the Settlement will be null and void and of no further effect whatsoever, shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except for the provisions of Paragraph 34 and this paragraph, which shall survive), and shall not be the subject or basis for any claims or defenses by any Party against any other Party other than to enforce the surviving terms of this Settlement Agreement.

36. The Parties do not have the right to withdraw from, or otherwise terminate, the Settlement Agreement for any reason other than the reasons identified in Paragraph 34 or Paragraph 46.

VII. Releases and Covenant Not to Sue

37. Release of Southern Bancorp: Upon the date of receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP) and as holder of any Claim Assigned to Receiver, fully, finally, and forever releases, relinquishes, and discharges, with prejudice, all Settled Claims, including all claims against Southern Bancorp arising from or related in any way to MTP.

38. Release of the Receiver: As of the Settlement Effective Date, Southern Bancorp fully, finally and forever releases, relinquishes, and discharges with prejudice all Settled Claims against the Receiver.

39. No Release of Obligations Under Settlement Agreement: Notwithstanding anything to the contrary in this Settlement Agreement, the releases and covenants contained in this Settlement Agreement do not release the Parties' rights and obligations under this Settlement

Agreement or the Settlement, nor do they bar the Parties from enforcing or effectuating this Settlement Agreement or the Settlement.

40. **Covenant Not to Sue:** As of the date of receipt of the Settlement Amount, the Receiver on behalf of the Receivership Estate (including MTP), and as holder of any Claim Assigned to Receiver, covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute, directly or indirectly, or through a third party, against Southern Bancorp any lawsuit, investigation, demand, or other proceeding, whether individually, derivatively, on behalf of or as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Effective as of the Settlement Agreement Date, Southern Bancorp covenants not to institute, reinstitute, maintain, continue, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against the Receiver, any lawsuit, investigation, demand, or other proceeding, directly or indirectly, or through a third party, whether individually, derivatively, on behalf or, as a member of a class, or in any other capacity, concerning or relating to the Settled Claims, whether in a court or any other Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Settlement Agreement.

VIII. Representations and Warranties

41. **No Assignment, Encumbrance, or Transfer:** The Receiver represents and warrants that she is the owner of the Settled Claims that she is releasing under this Settlement Agreement and she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that she is releasing under this Settlement Agreement. Southern Bancorp represents that it is the owner of the Settled Claims that it is releasing under this Settlement Agreement and that it has not, in whole or in part, assigned,

encumbered, sold, pledged as security, or in any manner transferred or compromised any of the Settled Claims that it is releasing under this Settlement Agreement.

42. Authority: Each person executing this Settlement Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the Person each represents and that each has the authority to take appropriate action required or permitted to be taken pursuant to this Settlement Agreement to effectuate its terms.

IX. No Admission of Fault or Wrongdoing

43. The Settlement, this Settlement Agreement, and the negotiation and mediation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession of any violation of any statute, liability, or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the complaints, claims, allegations, or defenses asserted or that could have been asserted in the SEC Action, the Trustmark Litigation, or any other proceeding relating to any Settled Claim, or any other proceeding in any Forum. The Settlement and this Settlement Agreement are a resolution of disputed claims to avoid the risk and substantial expense of protracted litigation. The Settlement, this Settlement Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the SEC Action, the Trustmark Litigation, or in any other proceeding, other than to enforce the terms or intent of the Settlement and this Settlement Agreement or to defend against or facilitate a dismissal of any other proceeding against Southern Bancorp.

X. Non-Disparagement

44. In connection with the Settlement and this Settlement Agreement, the Receiver and her counsel shall not make, disseminate, or publish any statement outside of court, including a statement in the press, or on the Receiver's website or social media, that would denigrate or

embarrass Southern Bancorp, or that is otherwise negative or derogatory towards Southern Bancorp. Nothing in this paragraph shall prevent the Receiver or her counsel from reporting the Receiver's activities to the Court or the SEC; from responding as necessary to inquiries from the Court or other governmental authorities; or from carrying out any of the Receiver's duties under any order addressing the scope of the Receiver's duties. Further,

- a. The Receiver will not issue a press release concerning the settlement. If requested by a member of the press to comment on the settlement, the Receiver shall not respond other than to provide a copy of the Motion;
- b. The Receiver's public report(s) which address the settlement shall state (i) the amount of the settlement, (ii) the settlement was negotiated at arms' length and in good faith under the direction of Magistrate Judge F. Keith Ball, and (iii) Southern Bancorp has denied and continues to deny all fault and liability in connection with the MTP Ponzi scheme;
- c. The Motion shall be in form and substance acceptable to Southern Bancorp, which acceptance shall not be unreasonably withheld;
- d. Any other written public statement by the Receiver concerning the settlement shall require the prior written approval of Southern Bancorp; and
- e. The Receiver shall not make any oral statements regarding Southern Bancorp to any third-parties or MTP Investors beyond the content of the Motion.

XI. Miscellaneous

45. Final and Complete Resolution: The Parties intend this Settlement Agreement and the Settlement to be and constitute, to the greatest extent possible, a final and complete resolution

of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and (2) Southern Bancorp on the other hand.

46. Effectiveness of Bar Order: If, before the Settlement Effective Date, the United States Supreme Court or the United States Court of Appeals for the Fifth Circuit issues any opinion or order in any case that renders the Bar Order ineffective as to claims of third parties, including but not limited to claims of Interested Parties, then Southern Bancorp shall have the right to withdraw from this Settlement Agreement and the Settlement.

47. Binding Agreement: As of the Settlement Agreement Date, this Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns. No Party may assign any of its rights or obligations under this Settlement Agreement without the express written consent of the other Parties.

48. Incorporation of Recitals: The Recitals contained in this Settlement Agreement are essential terms of this Settlement Agreement and are incorporated here for all purposes.

49. Disclaimer of Reliance: In executing this Settlement Agreement, the Parties unequivocally represent, acknowledge, and state that they were represented by counsel in the negotiation and formation of this Settlement Agreement, which negotiation was conducted by the Parties at arm's length, and the Parties are relying solely upon each Party's own independent knowledge, understanding, and investigation of the matters pertinent to this Settlement Agreement and have not seen, heard, or relied upon any promises, statements, representations, covenants, or warranties, whether written or oral, express or implied, made by one another or by any representative or other Person or entity and that no Party had any duty to make any disclosures, except to the extent expressly stated in this Settlement Agreement. The Parties hereby waive,

release, and disclaim any right or ability to seek to revoke, rescind, vacate, or otherwise avoid the operation and effect of this Settlement Agreement on the basis of any alleged fraudulent inducement, misrepresentation, or material omission by any of the undersigned or their representatives, or on the basis of mutual or unilateral mistake of fact or law, or newly discovered information, and acknowledge that they are completely satisfied with this settlement, as reflected in this Settlement Agreement. The Parties waive any rights or remedies related to discovery and production of information, whether through formal discovery in the Trustmark Litigation or otherwise, except as needed to enforce the terms of or seek redress for breach of this Settlement Agreement.

50. Third-Party Beneficiaries: This Settlement Agreement is not intended to and does not create rights enforceable by any Person other than the Parties as defined in this Settlement Agreement (or their respective heirs, executors, administrators, successors, and assigns, as provided in Paragraph 47 of this Settlement Agreement).

51. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Settlement Agreement, that no Party should or shall be deemed the drafter of this Settlement Agreement or any provision hereof, and that any rule, presumption, or burden of proof that would construe this Settlement Agreement, any ambiguity, or any other matter, against the drafter shall not apply and is waived. The Parties enter into this Settlement Agreement freely, after good-faith, arm's-length negotiation, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Settlement Agreement are for convenience only, are not part of this Settlement Agreement, and shall not bear on the meaning of this Settlement Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The

words “and” and “or” shall be interpreted broadly to have the most inclusive meaning, both conjunctive and disjunctive. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. “Any” shall be understood to include and encompass “all,” and “all” shall be understood to include and encompass “any.”

52. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Settlement Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Settlement Agreement or the Settlement, including the Bar Order, the Parties agree to cooperate with each other, including using reasonable efforts to make documents or personnel available as needed to defend any challenge. Further, the Parties shall reasonably cooperate to defend and enforce the Bar Order required under this Settlement Agreement.

53. Avoidance of Unnecessary Expense and Burdens for Southern Bancorp: The Receiver will take all reasonable measures to refrain entirely from conducting discovery of Southern Bancorp in other ongoing litigation and proceedings, and if such discovery is required, the Receiver will undertake to minimize the burden on Southern Bancorp.

54. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Settlement Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

To Southern Bancorp:

John Olaimy, President & CEO
Southern Bancorp Bank
400 Hardin Road, Ste 100
Little Rock, AR 72211
John.Olaimy@banksouthern.com

Charles T. Coleman
Adrienne L. Baker
WRIGHT, LINDSEY & JENNINGS LLP
200 W. Capitol Ave., Ste. 2300
Little Rock, AR 72201
CColeman@wlj.com
ABaker@wlj.com

Scott Jones
ADAMS AND REESE, LLP
1018 Highland Colony Parkway, Suite 800
Ridgeland, MS 39157
Scott.Jones@arlaw.com

To Receiver:

Alysson Leigh Mills
650 Poydras Street, Suite 1525
New Orleans, LA 70130
alysson@alyssonmills.com

Brent B. Barriere
Kaja S. Elmer
FISHMAN HAYGOOD, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170-4600
Bbarriere@fishmanhaygood.com
kelmer@fishmanhaygood.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

55. Choice of Law: This Settlement Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to the choice-of-law principles of Mississippi or any other jurisdiction.

56. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to the Settlement or this Settlement Agreement, including breach, interpretation, effect, or validity of this Settlement Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Southern District

of Mississippi, Northern Division. Solely with respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

57. Costs and Fees Incurred in Enforcing Settlement Agreement: If any action is brought to enforce the Settlement or this Settlement Agreement, the prevailing party shall be entitled to an award of its costs and reasonable attorneys' fees.

58. United States Currency: All dollar amounts in this Settlement Agreement are expressed in United States dollars.

59. Timing: If any deadline imposed by this Settlement Agreement falls on a non-business day, then the deadline is extended until the next business day.

60. Waiver: The waiver by a Party of any right or breach of this Settlement Agreement by another Party shall not be deemed a waiver of any other right or prior or subsequent breach of this Settlement Agreement. Any waiver by a Party of any right or breach of this Settlement Agreement by another Party must be in writing and signed by all Parties.

61. Exhibits: The exhibits annexed to this Settlement Agreement are incorporated by reference as though fully set forth in this Settlement Agreement.

62. Integration and Modification: This Settlement Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Settlement Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Neither this Settlement Agreement, nor any provision or term of this Settlement Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

63. Counterparts and Signatures: This Settlement Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument. A signature delivered by fax or other electronic means shall be deemed to be, and shall have the same binding effect as, a handwritten, original signature.

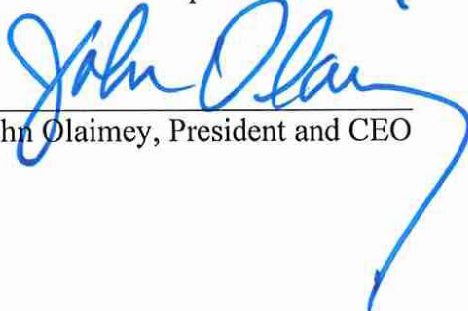
Alysson Mills, in her capacity as court-appointed Receiver for the estates of Arthur Lamar Adams and Madison Timber Properties, LLC



Signed

October 9, 2023
Date: _____

Southern Bancorp Bank



John Olaimy, President and CEO

Date: October 9, 2023

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1.5 of the Appendix to the Motion (ECF No. ____) (the “Southern Bancorp Settlement Agreement”), have the same meaning as in the Southern Bancorp Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

The Motion asks the Court to approve proposed settlements totaling \$19,200,000.00, of which the Receiver's proposed settlement with Defendant Southern Bancorp Bank ("Southern Bancorp"), accounts for \$500,000.00.

The settlement with Southern Bancorp is contingent on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the "MTP Ponzi Scheme") that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors' money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² "Interested Parties" means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against Southern Bancorp and others

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

in the separate but related case styled *Mills v. Trustmark National Bank, et al.*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Litigation”).

In the Litigation, the Receiver alleges claims against Southern Bancorp for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ Southern Bancorp strongly denies liability for all those claims and assert numerous defenses to them.

For more than three years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000.00, of

⁸ Claims were also brought against Southern Bancorp for (1) civil conspiracy with MTP and others; (2) aiding and abetting MTP’s and others’ breaches of duties to MTP; (3) recklessness, gross negligence and negligence in their dealings with MTP and others; (4) negligent retention and supervision; (5) violation of Mississippi’s Fraudulent Transfer Act; (6) violation of Mississippi’s Racketeer Influenced and Corrupt Organization Act (“MRICO”); and (7) vicarious liability.

which the Receiver's proposed settlement with Southern Bancorp accounts for \$500,000.00 (the "Settlement Amount"). In return, Southern Bancorp is to obtain total peace with respect to all claims that have been, or could have been, asserted against it, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with Southern Bancorp were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with Southern Bancorp and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with Southern Bancorp very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with Southern Bancorp which is part of a package of proposed settlements totaling \$19,200,000.00, guarantees immediate and substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with Southern Bancorp is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors' claims against third-party defendants into the "receivership distribution process." *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) ("By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford's investors must recover Ponzi-scheme losses through the receivership distribution process."); *see also id.* at 902 ("Again, the receivership solves a collective-action problem among the Stanford entities' defrauded investors, 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 S.E.C. v. Stanford Int'l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) ("Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.").

The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with Southern Bancorp which proceeds can be distributed equitably to Madison Timber's victims through the Receivership Estate.

The public's interest

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims Southern Bancorp, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court's public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark National Bank, et al.*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested Parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the Southern Bancorp Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Southern Bancorp Settlement Agreement shall have the same meaning as in the Southern Bancorp Settlement Agreement (which this Final Bar Order incorporates by reference). The Southern Bancorp Settlement Agreement and Bar Order ("Final Bar Order") should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering "bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation").

Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or Southern Bancorp, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP's wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object to and be heard regarding the Settlement and this Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair

opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits, value and collectability of the claims asserted against Southern Bancorp by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail or collect on their claims; and (iii) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to Southern Bancorp's agreement to settle, and that Southern Bancorp would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Southern Bancorp's relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the Receiver's claims, and their suits directly affect the Receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against

settling defendants.) The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from Southern Bancorp for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against Southern Bancorp, MTP and other Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential and required component to achieve the Settlement, without which Southern Bancorp would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Southern Bancorp Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the Southern Bancorp Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, Southern Bancorp, shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, administrative law or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) Southern Bancorp's relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) Southern Bancorp's provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by Southern Bancorp.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Southern Bancorp Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Southern Bancorp Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and the Southern Bancorp Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against Southern Bancorp, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against Southern Bancorp that in any way

relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) Southern Bancorp's relationship with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) Southern Bancorp's provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from Southern Bancorp where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon Southern Bancorp.

10. Southern Bancorp has no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Southern Bancorp Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate

or cancel the Settlement, the Southern Bancorp Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Southern Bancorp Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, amended complaints, claims, allegations, or defenses in the Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss in the Litigation as specified in paragraph 26 of the Southern Bancorp Settlement Agreement by the deadline set forth in that paragraph. Southern Bancorp is hereby ordered to deliver or cause to be delivered the Settlement Amount (\$500,000.00) pursuant to the terms and subject to the conditions in the Southern Bancorp Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Southern Bancorp Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the Southern Bancorp Settlement Agreement, the Order Setting Hearing, and this Final Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Southern Bancorp Settlement

Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Southern Bancorp Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-
cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully moves the Court to approve five proposed settlements and bar orders, and represents as follows:

Beginning in May, the Receiver and certain defendants in the Receiver’s separate but related lawsuits undertook lengthy and detailed settlement negotiations under the direction of Magistrate Judge F. Keith Ball.

With Judge Ball’s generous assistance over the summer, those negotiations have resulted in proposed settlements totaling **\$19,200,000**.

Each of the settling defendants has and continues to deny liability to the Receiver and the Receivership Estate but has agreed to a settlement to avoid incurring additional fees and expenses and to avoid the uncertainties common to all litigation.

Exhibit B

The Receiver believes the proposed settlements are in the Receivership Estate's best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber's victims.

The settlements are contingent and conditioned on this Court's entry of the bar orders described in the accompanying memorandum. Entry of bar orders that foreclose further litigation or claims against the settling defendants relating to the Madison Timber Ponzi scheme is an integral, essential part of each settlement. The settlements would not have occurred without that condition, and will not be consummated unless an acceptable bar order is entered with respect to each of the settling defendants.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber's victims, the Court approve the proposed settlements and bar orders.

In addition to the accompanying memorandum, the Receiver submits in support:

Exhibit 1: proposed Settlement Agreements¹

Exhibit 2: proposed Partial Final Judgments and Final Bar Orders with respect to each settlement²

¹ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

² Exhibit 2, proposed Orders Approving Settlements and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)

Exhibit 3: proposed Order Setting Hearing

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941 (S.D. Miss.)

MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, respectfully submits this memorandum in support of the Receiver’s Motion to Approve Proposed Settlements and Bar Orders.

INTRODUCTION

The Receiver and certain defendants in separate but related lawsuits have negotiated proposed settlements totaling **\$19,200,000.00**. The settlements are contingent on this Court’s entry of the bar orders described in this memorandum.

The Receiver believes the proposed settlements are in the Receivership Estate’s best interest. The proposed settlements will allow the Receiver to make a meaningful distribution to Madison Timber’s victims.

The Receiver asks that, after providing notice and an opportunity to be heard to Madison Timber’s victims, the Court approve the proposed settlements and bar orders.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.¹ There was no timber and no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.²

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.³

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁴ 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

¹ Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

² Doc. 1, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

³ Doc. 11, United States v. Adams, No. 3:18-cr-88 (S.D. Miss.).

⁴ Doc. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.).

state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver.”⁵

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against third parties who she alleged aided and abetted the Madison Timber Ponzi scheme. The four lawsuits and their respective defendants are:

Alysson Mills v. Butler Snow, et al.,
No. 3:18-cv-866 (S.D. Miss.)

Butler Snow LLP; Butler Snow Advisory Services, LLC; and Matt Thornton (“Butler Snow”)

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright (“Baker Donelson”)

Alysson Mills v. BankPlus, et al.,
No. 3:19-cv-196 (S.D. Miss.)

BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Federal Insurance Company; Continental Casualty Company (“the BankPlus Parties”)

Martin Murphree

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover (“UPS”)

Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm

Alysson Mills v. Trustmark, et al.,
No. 3:19-cv-941 (S.D. Miss.)

Trustmark National Bank, Bennie Butts, and Jud Watkins (“the Trustmark Parties”)

RiverHills Bank (with Jud Watkins, “the RiverHills Parties”)

⁵ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Southern Bancorp Bank (“Southern Bancorp”)

Relevant here, the Receiver’s complaints generally allege causes of action for aiding and abetting, civil conspiracy, and negligence. All defendants strongly deny the Receiver’s allegations against them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. Until now, of the parties who were sued, only the Butler Snow Parties and Martin Murphree have settled the Receiver’s claims against them. Other people and entities have also settled without formal litigation. All of the prior settlements have been approved by the Court and are matters of public record.

The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources. Meanwhile, Madison Timber’s victims continue to wait to be made whole.

PROPOSED SETTLEMENTS

Beginning in May, the Receiver and certain of the defendants undertook meaningful settlement negotiations under the direction of Magistrate Judge F. Keith Ball. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the following proposed settlements totaling \$19,200,000:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)	\$2,200,000
Southern Bancorp	<u>\$500,000</u>
	\$19,200,000

Baker Donelson, UPS, several individual notary defendants, and Herring Ventures are not settling defendants. The Receiver will continue to litigate, presumably to trial, her claims against them.

The Receiver's negotiations with each of the settling defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. The Receiver is satisfied that the proposed settlements are in the Receivership Estate's best interest.

The Receiver takes seriously her obligation to maximize the value of the Receivership Estate's claims against any defendant. The proposed settlements avoid indefinite litigation with the settling defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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.

As reported elsewhere, in four years the parties have exchanged substantial written discovery and document productions, but they have not engaged in depositions, and they still do not have trial dates. All defendants have sought extensive Madison Timber investor discovery, which the Receiver has strongly opposed. Continued litigation with the settling defendants very likely could continue for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlements with the settling defendants guarantee immediate and substantial benefit to Madison Timber’s victims—and the Receiver will continue to litigate her claims against Baker Donelson and UPS.

PROPOSED BAR ORDERS

Settlement with each settling defendant is contingent on the Court’s entry of a satisfactory bar order for each settling defendant’s benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

This Court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The Court’s power includes equitable authority to issue a variety of ancillary relief. These ancillary relief measures include “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).

“Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate.’” *Stanford*, 2017 WL 9989250, at *3. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in

this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver believes the proposed bar orders are necessary to obtain settlements with the settling defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The Receiver recommends and requests that, after appropriate notice and hearing, the Court approve her settlement agreements with each settling defendant in the forms attached hereto

[**Exhibit 1**],⁶ and enter bar orders in the attached forms [**Exhibit 2**],⁷ to enable the Receiver to accomplish the settlements.

PROPOSED NOTICE AND HEARING

The Receiver is mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants. The Receiver believes it appropriate to allow interested parties an opportunity to be heard before any proposed settlement is approved. The Receiver thus proposes the following:

1. The Court shall hold a hearing on the proposed settlement no less than 21 days after notice is distributed, as soon as possible as the Court's calendar allows.
2. The Court shall enter an Order Setting Hearing [**Exhibit 3**] that shall be filed in the Court's public record, in the case styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), in addition to each of the settling defendants' respective cases, styled: *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.).
3. Interested Parties⁸ 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

⁶ Exhibit 1, proposed Settlement Agreements with:

- 1.1 The BankPlus Parties
- 1.2 The Trustmark Parties
- 1.3 The RiverHills Parties
- 1.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 1.5 Southern Bancorp

⁷ Exhibit 2, proposed Partial Final Judgments and Bar Orders for:

- 2.1 The BankPlus Parties
- 2.2 The Trustmark Parties
- 2.3 The RiverHills Parties
- 2.4 Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer Rawlings & MacInnis)
- 2.5 Southern Bancorp

⁸ For purposes of this Notice, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses or damages sustained as a result of the Ponzi scheme.

the Court or to the Receiver or her counsel, who shall submit them to the Court. Whether received by the Receiver, her counsel, or the Court, the objections shall be filed into the record.

4. Interested Parties who wish to address the proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
5. The Receiver shall provide notice and a detailed description of the Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:

A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;

B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and

C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.⁹

The Court afforded interested parties similar notice and hearing prior to approving the Receiver's settlement with Butler Snow. The proposed notice and hearing will give victims and interested parties a full and fair opportunity to be heard and will give the Court the benefit of their opinions as the Court assesses the proposed settlements' merits. The Receiver believes the proposed notice and hearing is efficient and desirable under the circumstances, given the particular interests at stake.

RECEIVER'S REPRESENTATIONS

In support of the proposed settlements, the Receiver represents:

1. The Receiver and the settling defendants' negotiations were long, thoughtful, and at arm's length, and Judge Ball provided meaningful neutral input.

⁹ "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

2. The Receiver and the settling defendants were independently represented by highly competent counsel having experience with litigation of this type.
3. The Receiver and the settling defendants had more than adequate information to make an informed decision whether to settle.
4. The Receiver and her counsel researched the law applicable to the Receiver's claims against the settling defendants and made informed assessments of the strengths and weaknesses of her case.
5. The Receiver believes the proposed settlements are in the Receivership Estate's best interest. In recommending each proposed settlement, the Receiver has weighed the following:
 - a. It is the Receiver's duty to recover assets for the Receivership Estate efficiently. The Receiver believes that the proposed settlements are preferable to potential protracted litigation. Settlement now avoids the likelihood of drawn-out litigation and the risk of adverse rulings.
 - b. The proposed settlements provide substantial value to the Receivership Estate and will allow the Receiver to make a meaningful distribution to Madison Timber's victims.
 - c. The proposed bar orders incentivize the settling defendants to settle and therefore make the proposed settlement possible.
6. The proposed settlements would not have been reached, and will not be consummated, unless the Court enters bar orders in substantially the form set forth in the proposed Partial Final Judgments and Final Bar Orders attached as exhibits to the Motion to Approve Proposed Settlements. The bar orders must be in a form satisfactory to the settling defendants in order for the settlements to proceed. The bar orders are essential, integral parts of the settlement.

CONCLUSION

The Receiver respectfully requests that the Court enter the proposed Order Setting Hearing so that the proposed settlements may be presented and, if the Court agrees after notice and hearing, approved.

Respectfully submitted,

/s/ Lilli Evans Bass

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CERTIFICATE OF SERVICE

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

[DATE]

/s/ _____

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. Bradley W. Rath, Magistrate Judge

Related cases:

Alysson Mills v. BankPlus, et al., No. 3:19-
cv-196 (S.D. Miss.)

Alysson Mills v. The UPS Store, Inc., et al.,
No. 3:19-cv-364 (S.D. Miss.)

Alysson Mills v. Trustmark, et al., No.
3:19-cv-941 (S.D. Miss.)

ORDER SETTING HEARING ON
MOTION TO APPROVE
PROPOSED SETTLEMENTS AND BAR ORDERS

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders 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 proposed settlements totaling **\$19,200,000** with the following defendants as follows:

The BankPlus Parties	\$6,500,000
The Trustmark Parties	\$6,500,000
The RiverHills Parties	\$3,500,000
Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them	\$2,200,000

and their former employer
Rawlings & MacInnis)

Southern Bancorp

\$500,000

\$19,200,000

The proposed settlements are contingent on the Court's entry of a bar order for each settling defendant's benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme. The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. Entry of bar orders that provide each defendant with assurance that it will not face additional claims is an essential, integral condition to the settlements without which the settlements would not have been reached, and without which the settlements cannot be consummated.

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the settling defendants and the proposed resolution of them, 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 to Approve Proposed Settlements and Bar Orders on _____ at _____**.m. in Courtroom 5B, Thad Cochran United States Courthouse, 501 E. Court Street, Jackson, Mississippi, 39201.** The Receiver shall publicize any changes to the hearing's date, time, or place on her website. Interested parties shall check the Receiver's website for any changes.

2. Interested Parties¹ who wish to submit comments or objections shall do so at least five (5) days prior to the Court's hearing, either by submitting the comments or objections to the Court or to the Receiver or her counsel. Whether received by the Court, the Receiver, or her counsel, the comments or objections shall be filed into the record. Interested Parties who wish to address any proposed settlement at the hearing shall be given an opportunity to speak, to be represented by counsel, to present evidence and arguments, and to participate in the hearing if they so choose.
3. The Receiver shall provide notice and a detailed description of this Order Setting Hearing, the proposed Settlement Agreements, and the proposed Partial Final Judgments and Bar Orders and (1) instructions for obtaining those documents and (2) instructions for submitting comments or objections to all Interested Parties via U.S. Mail or email as follows:
 - A) by U.S. Mail, First Class postage prepaid, to each Interested Party at its last known mailing address, according to the Receiver's records;
 - B) by posting the documents and a prominent notice of the proposed settlements on the Receiver's website, www.madisontimberreceiver.com; and
 - C) by U.S. Mail and by email to any attorneys who have notified the Receiver that they represent any Claimants or MTP Investors.²

The notice and hearing contemplated by this order shall give interested parties a full and fair opportunity to be heard and shall give the Court the benefit of their opinions as the Court

¹ For purposes of this Order, "Interested Parties" is defined in the Settlement Agreements attached to the Receiver's Motion to Approve Proposed Settlements. Among others, "Interested Parties" includes Madison Timber investors and anyone holding a claim arising from alleged harm, injury, losses, or damages sustained as a result of the Ponzi scheme.

² "Claimants" and "MTP Investors" as used here is defined in the Settlement Agreements.

assesses the proposed settlements' merits. The notice and hearing contemplated by this order is efficient and desirable under the circumstances, given the particular interests at stake.³

DATED: _____

Honorable Carlton W. Reeves
United States District Judge

³ 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.

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

The Motion asks the Court to approve proposed settlements totaling \$19,200,000, of which the Receiver’s proposed settlement with Defendants BankPlus

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1 of the Appendix to the Motion (ECF No. ____) (the “BP Settlement Agreement”), have the same meaning as in the BP Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

(“BP”), BankPlus Wealth Management, LLC, (“BPWM”); Eloise (“Gee Gee”) Moore Strain Patridge; Stewart Patridge; Jason Cowgill (collectively, the “BP Defendants”); and Defendants Federal Insurance Company (“Federal”) and Continental Casualty Company (“Continental”), accounts for \$6,500,000.

The settlement with the BP Defendants, Federal, and Continental is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme.

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Relevant here, the Receiver filed a complaint against the BP Defendants, Federal, and Continental in the separate but related case styled *Mills v. BankPlus*, Case No. 3:19-cv-00196-CWR-BWR (S.D. Miss.) (the “BP Litigation”).

In the BP Litigation, the Receiver alleges claims against the BP Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The Receiver further asserts claims against the BP Carriers for a declaratory judgment that the BP Policies provide insurance coverage for the allegations against the BP Defendants in the BP Litigation. The BP Defendants and BP Carriers strongly deny liability for all those claims and assert numerous defenses to them.

For more than four years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were

⁸ Claims were also brought against the BP Defendants for (1) fraudulent transfers; (2) aiding, abetting, or participation in a fraudulent scheme; (3) recklessness, gross negligence and negligence; (4) Mississippi Racketeer Influenced and Corrupt Organizations Act; and (5) negligent retention and supervision, among others; and against the BP Carriers for a declaratory judgment seeking an adjudication of insurance coverage.

well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the BP Defendants, Federal, and Continental accounts for \$6,500,000.00 (the "Settlement Amount"). In return, the BP Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings, and the BP Carriers are to obtain total peace with respect to all claims that have been, or could have been, asserted against them arising out of or related to the BP Policies. The Receiver represents that her negotiations with the BP Defendants, Federal, and Continental were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the BP Defendants, Federal, and Continental, and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the BP Defendants, Federal, and Continental very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the BP Defendants, Federal, and Continental, which is part of a package of proposed settlements totaling \$19,200,000, guarantees

immediate and substantial benefit to Madison Timber’s victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the BP Defendants, Federal, and Continental is conditioned on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to

prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the BP Defendants, Federal, and Continental, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the BP Defendants, Federal, and Continental, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court’s public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. BankPlus*, Case No. 3:19-cv-00196-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving

Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfies the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the BP Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the BP Settlement Agreement shall have the same meaning as in the BP Settlement

Agreement (which this Final Bar Order incorporates by reference). The Settlement Agreement and Bar Order (“Final Bar Order”) should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the BP Defendants or the BP Carriers, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled

Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the BP Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims and the claims asserted against the BP Carriers with respect to the BP Policies contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they will be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately

prevail on their claims; and (iv) this Final Bar Order is an essential, integral party of the Settlement, and is a condition to the BP Defendants' and the BP Carriers' agreement to settle, and that the BP Defendants and the BP Carriers would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the BP Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the BP Defendants and the BP Carriers for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the BP Defendants, the BP Carriers with respect to the BP Policies, the Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, without which the BP Defendants and the BP Carriers would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the BP Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the BP Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the BP Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii)

the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) the BP Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding

7. As of the Settlement Effective Date, the BP Carriers shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with the BP Policies and (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of the Receivership Defendants; (iii) the BP Defendants' relationships with MTP

and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding.

8. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the BP Defendants.

9. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the BP Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the BP Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and BP Settlement Agreement.

10. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting,

supporting, participating in, collaborating in, or otherwise prosecuting, against the BP Defendants, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the BP Defendants that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the BP Defendants' relationships with relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding. The Court also permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise

prosecuting, against the BP Carriers, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the BP Carriers that in any way relates to, is based upon, arises from, or is connected with the BP Policies and (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the BP Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the BP Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the BP Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the BP Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the BP Defendants where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating

to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the BP Defendants and the BP Carriers.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Receiver, any Person, entity, or Interested Party to pursue claims against the BP Carriers, except for those claims described in Paragraph 7 relating to the BP Litigation and arising out of or relating to the BP Policies.

11. The BP Defendants and the BP Carriers have no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment,

distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the BP Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the BP Settlement Agreement, or this Final Bar Order.

12. Nothing in this Final Bar Order or the BP Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the BP Litigation, or any other proceeding.

13. The Receiver is hereby ordered to file the agreed motion to dismiss in the BP Litigation as specified in paragraph 27 of the BP Settlement Agreement by the deadline set forth in that paragraph. BP and Continental are hereby ordered to deliver or cause to be delivered the Settlement Amount (\$6,500,000.00) pursuant to the terms and subject to the conditions in the BP Settlement Agreement. Further,

the Parties are ordered to act in conformity with all other provisions of the BP Settlement Agreement.

14. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the BP Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling orders, and releases herein, and to enter orders concerning implementation of the Settlement, the BP Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

16. This Partial Final Judgment and Final Bar Order 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, the BP Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES

UNITED STATES DISTRICT JUDGE

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-CWR-BWR

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlement with the Trustmark Defendants (ECF No. XXX____, the “Motion”) filed by Alysson Mills, in her capacity as the Court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (the “Receiver”).¹ The Motion concerns a proposed settlement (the “Settlement”) between and among, on the one hand, the Receiver, and, on the other hand Defendants Trustmark National Bank

¹ Terms used in this Final Bar Order that are defined in the Trustmark Settlement Agreement attached as Exhibit 1.2 to the Motion (ECF No. ____) (the “Trustmark Settlement Agreement”), have the same meaning as in the Trustmark Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

(“Trustmark”), Benjamin Butts, and Jud Watkins (collectively, the “Trustmark Defendants”). Following notice to all Interested Parties, and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties² and heard the arguments of counsel, the Motion is hereby GRANTED.

I. INTRODUCTION

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against the Trustmark Defendants in the separate but related case styled *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.) (the “Trustmark Litigation”).

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

In the Trustmark Litigation, the Receiver asserted claims against the Trustmark Defendants and others for allegedly (1) receiving fraudulent transfers; (2) aiding, abetting, or participating in a fraudulent scheme; (3) recklessness, gross negligence and negligence; (4) violating the Mississippi Racketeer Influenced and Corrupt Organizations Act, and (5) negligently retaining and supervising employees. The Receiver also asserted rights as an assignee, pursuant to assignments from MTP Investors who claimed entitlement to recover losses sustained due to their investments in the MTP Ponzi Scheme.⁸ The Trustmark Defendants deny liability for all of those claims, deny the material allegations in the Receiver's complaint, and assert numerous defenses to the claims.

For more than three years, the parties have vigorously litigated the Receiver's claims. The parties' vigorous litigation—which has been documented in the Receiver's regular reports, on her website, and in the Court's separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

⁸ In those Assignments, claimants who asserted they held interests in promissory notes with outstanding amounts due assigned “to the Receiver any and all claims, causes of action, choses in action, or demands of any type or description that in any way relate to Arthur Lamar Adams or Madison Timber Properties, LLC, and/or arise out of Assignor's Promissory Notes, which Assignor has or may have against the Third Parties and which the Receiver has asserted or may assert in any of the Lawsuits (‘Assigned Claims’).” The “Third Parties” included “Any and all persons or entities who the Receiver may name a defendant in any lawsuit she may in the future file against third parties who she alleges contributed to the debts of the Receivership Estate.” Any claims the assignors may have had against the Trustmark Defendants related to MTP were therefore assigned to the Receiver.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the Trustmark Defendants accounts for \$6,500,000.00 (the "Settlement Amount"). In return, the Trustmark Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with the Trustmark Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the Trustmark Defendants, and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the Trustmark Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the Trustmark Defendants, which is part of a package of proposed settlements totaling \$19,200,000, guarantees immediate and

substantial benefit to Madison Timber’s victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the Trustmark Defendants is conditioned on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to

prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the Trustmark Defendants, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the Trustmark Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court’s public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving

Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

II. 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 (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Settlement Agreement shall have the same meaning as in the Settlement

Agreement (which this Final Bar Order incorporates by reference). The Settlement Agreement and Bar Order (“Final Bar Order”) should be and are hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has “broad powers and wide discretion to determine the appropriate relief in [this] equity receivership,” including the authority to enter the Final Bar Order. *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the Trustmark Defendants, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that notice to the Interested Parties: (i) constituted the best practicable notice to all Interested Parties; (ii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the

releases and dismissal of Settled Claims, and the injunctions provided for in this Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing, and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the Trustmark Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they would be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not

ultimately prevail on their claims; and (iv) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the Trustmark Defendants' agreement to settle, and that the Trustmark Defendants would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Trustmark Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the Trustmark Defendants for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the Trustmark Defendants, MTP or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, and a condition to the Settlement, without which the Trustmark Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Trustmark Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the Trustmark Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the Trustmark Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii)

the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the Trustmark Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the Trustmark Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Trustmark Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the Trustmark Defendants.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Trustmark Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Trustmark Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and Trustmark Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from

directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the Trustmark Defendants or any of them, any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the Trustmark Defendants or any of them that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the Trustmark Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the Trustmark Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or the Trustmark Litigation, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in this action or the Trustmark Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Trustmark

Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the Trustmark Defendants where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person's, Claimant's, entity's, or Interested Party's liability to the Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the Trustmark Defendants. Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Trustmark Defendants to pursue claims and recover from any insurance carrier that Trustmark contends owes it payments under any insurance contract or policy or program.

10. The Trustmark Defendants have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Trustmark Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the Trustmark Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Trustmark Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the Trustmark Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss and motion for final judgment in the Trustmark Litigation as specified in paragraph 26 of the Trustmark Settlement Agreement by the deadline set forth in that paragraph.

Trustmark National Bank shall deliver or cause to be delivered the Settlement Amount of six million five hundred thousand dollars (\$6,500,000.00) pursuant to the terms and subject to the conditions in paragraph 25 of the Trustmark Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Trustmark Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the Trustmark Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Trustmark Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Trustmark Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlement and Bar Order with the RiverHills Defendants (ECF No. _____, the “Motion”) filed by Alysson Mills, in her capacity as the Court-appointed Receiver for the estates of Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (the “Receiver”).¹ The Motion concerns a proposed settlement (the “RiverHills Settlement”) between and among, on the one hand, the Receiver, and, on the other hand Defendants RiverHills

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1 of the Appendix to the Motion (ECF No. _____) (the “RiverHills Settlement Agreement”), have the same meaning as in the Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

Bank (“RiverHills) and Jud Watkins, hereinafter collectively the “RiverHills Defendants.”

The settlement with the RiverHills Defendants is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against the RiverHills Defendants in

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

the separate but related case styled *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Litigation”).

In the Litigation, the Receiver alleges claims against the RiverHills Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The RiverHills Defendants deny liability for all those claims and assert numerous defenses to them. The Receiver also asserted rights as an assignee, pursuant to assignments from MTP Investors who claimed entitlement to recover losses sustained due to their investments in the MTP Ponzi Scheme.⁹ The RiverHills Defendants deny liability for all of those claims, deny the material allegations in the Receiver’s complaint, and assert numerous defenses to the claims.

For more than four years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery*

⁸ Claims were brought against the RiverHills Defendants for (1) civil conspiracy; (2) aiding and abetting; (3) recklessness, gross negligence and negligence; (4) negligent retention and supervision; (5) violation of the Mississippi Fraudulent Transfer Act; (6) violation of the Mississippi Racketeer Influenced and Corrupt Organizations Act; and (7) vicarious liability.

⁹ In those Assignments, claimants who asserted they held interests in promissory notes with outstanding amounts due assigned “to the Receiver any and all claims, causes of action, choses in action, or demands of any type or description that in any way relate to Arthur Lamar Adams or Madison Timber Properties, LLC, and/or arise out of Assignor’s Promissory Notes, which Assignor has or may have against the Third Parties and which the Receiver has asserted or may assert in any of the Lawsuits (‘Assigned Claims’).” The “Third Parties” included “Any and all persons or entities who the Receiver may name a defendant in any lawsuit she may in the future file against third parties who she alleges contributed to the debts of the Receivership Estate.” Any claims the assignors may have had against the RiverHills Defendants related to MTP were therefore assigned to the Receiver.

in Cases Filed By Alysson Mills, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball's generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000, of which the Receiver's proposed settlement with the RiverHills Defendants for \$3,500,000 (the "Settlement Amount"). In return, the RiverHills Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings, and the RiverHills Defendants' Insurance Carriers are to obtain total peace with respect to all claims that have been, or could have been, asserted against them arising out of or related to the RiverHills Policies. The Receiver represents that her negotiations with the RiverHills Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the RiverHills Defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the

RiverHills Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the RiverHills Defendants, which is part of a package of proposed settlements totaling \$19,200,000, guarantees immediate and substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors' claims against third-party defendants into the "receivership distribution process." *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) ("By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford's investors must recover Ponzi-scheme losses through the receivership distribution process."); *see also id.* at 902 ("Again, the receivership solves a collective-action problem among the Stanford entities' defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with the RiverHills Defendants and the RiverHills Defendants’ Insurance Carriers, which proceeds can be distributed equitably to Madison Timber’s victims through the Receivership Estate.

The public’s interest

The Court, mindful that Madison Timber’s victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver’s claims against the RiverHills Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On October __, 2023, the Receiver filed the Motion, which included as exhibits a proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. __). On_____, 2023, the Court entered an Order Setting Hearing, filed in the filed in the Court’s public records in the cases styled

Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark, et al.*, Case No. 3:19-cv-00941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed RiverHills Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfies the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the RiverHills Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order

(hereafter, “Final Bar Order”) is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the RiverHills Settlement Agreement shall have the same meaning as in the RiverHills Settlement Agreement (which this Final Bar Order incorporates by reference). The RiverHills Settlement Agreement and Bar Order (“Final Bar Order”) should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the RiverHills Defendants, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on

her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that notice to the Interested Parties: (i) constituted the best practicable notice to all Interested Parties; (ii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object and be heard regarding the Settlement and this Partial Final Judgment and Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing, and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits and value of the claims asserted against the RiverHills Defendants by the Receiver and

others whose potential claims are foreclosed by this Final Bar Order; (ii) those claims contain complex and novel issues of law and fact that will require a substantial amount of time and expense to litigate, with uncertainty regarding whether they will be successful; (iii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail on their claims; and (iv) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the RiverHills Defendants' and the RiverHills Defendants' Insurance Carriers' agreement to settle, and that the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the RiverHills Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the receiver's claims, and their suits directly affect the receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants). The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for

maximizing the net amount recoverable from the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers with respect to the RiverHills Policies, MTP or the Receivership Estate in connection with the settled claims. The Court also finds that this Final Bar Order is a necessary, integral, essential, and required component to achieve the Settlement, and a condition to the Settlement, without which the RiverHills Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the RiverHills Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the RiverHills Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the RiverHills Defendants shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand

whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding

7. As of the Settlement Effective Date, the RiverHills Defendants' Insurance Carriers shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP

Investors, the Claimants, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with the RiverHills Policies and (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding.

8. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the RiverHills Defendants.

9. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the RiverHills Settlement or the RiverHills Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the RiverHills Settlement or the RiverHills Settlement Agreement, and this Court shall retain jurisdiction over the

Parties' compliance with and to enforce the terms of the RiverHills Settlement and RiverHills Settlement Agreement.

10. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the RiverHills Defendants or any of them, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the RiverHills Defendants that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP

Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the “receivership distribution process.” *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person’s, Claimant’s, entity’s, or Interested Party’s liability to the Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise. The Court also permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the RiverHills Defendants’ Insurance Carriers, or any action, lawsuit, cause of action,

claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the RiverHills Defendants' Insurance Carriers that in any way relates to, is based upon, arises from, or is connected with the RiverHills Policies and (i) MTP or the MTP Ponzi scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the RiverHills Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the RiverHills Defendants' provision of services to or for the benefit of or on behalf of MTP; (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding; or (vi) any Claim Assigned to Receiver. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants' Insurance Carriers where the alleged injury to such Person, Claimant, entity, or Interested Party, or the claim asserted by such Person, Claimant, entity, or Interested Party, is based upon such Person's, Claimant's, entity's, or Interested Party's liability to the

Receiver, the MTP investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.. These claims and causes of action are instead channeled into the “receivership distribution process.” *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the RiverHills Defendants’ Insurance Carriers where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person’s, entity’s, or Interested Party’s liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the RiverHills Settlement or payment of the Settlement Amount;

or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the RiverHills Defendants and the RiverHills Defendants' Insurance Carriers.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of the Receiver, any Person, entity, or Interested Party to pursue claims against the RiverHills Defendants' Insurance Carriers, except for those claims described in Paragraph 7 relating to the Litigation and arising out of or relating to the RiverHills Policies.

11. The RiverHills Defendants and the RiverHills Defendants Insurance Carriers have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the RiverHills Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this

paragraph shall operate to terminate or cancel the Settlement, the RiverHills Settlement Agreement, or this Final Bar Order.

12. Nothing in this Final Bar Order or the RiverHills Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, claims, allegations, or defenses in the Litigation, or any other proceeding.

13. The Receiver is hereby ordered to file the agreed motion to dismiss and motion for final judgment in the Litigation as specified in the RiverHills Settlement Agreement by the deadline set forth in the RiverHills Settlement Agreement. RiverHills is hereby ordered to deliver or cause to be delivered the Settlement Amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) pursuant to the terms and subject to the conditions in the RiverHills Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the RiverHills Settlement Agreement.

14. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the RiverHills Settlement Agreement, the Order Setting Hearing, and this Partial Final Judgment and Final Bar Order, including, without limitation, the injunctions, bar orders, channeling order and releases herein,

and to enter orders concerning implementation of the Settlement, the RiverHills Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

16. This Partial Final Judgment and Final Bar Order 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 RiverHills Settlement, the RiverHills Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

The Motion asks the Court to approve proposed settlements totaling \$19,200,000.00, of which the Receiver’s proposed settlement with Defendants Tammy

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1.4 of the Appendix to the Motion (ECF No. _____) (the “Vinson/Chisholm Settlement Agreement”), have the same meaning as in the Vinson/Chisholm Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

Vinson (“Vinson”), Jeannie Chisholm (“Chisholm”) and Rawlings & MacInnis, P.A. (“R&M”), the former employer of Vinson and Chisholm (collectively, the “Vinson/Chisholm Defendants”), accounts for \$2,200,000.00.

The settlement with the Vinson/Chisholm Defendants is contingent on the Court’s entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the “MTP Ponzi Scheme”) that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors’ money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² “Interested Parties” means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed an amended complaint against the Vinson/Chisholm

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

Defendants and others in the separate but related case styled *Mills v. The UPS Store, Inc.*, Case No. 3:19-cv-00364-CWR-BWR (S.D. Miss.) (the “Vinson/Chisholm Litigation”).

In the Vinson/Chisholm Litigation, the Receiver alleges claims against the Vinson/Chisholm Defendants for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ The Vinson/Chisholm Defendants strongly deny liability for all those claims and assert numerous defenses to them.

For more than three years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000.00, of

⁸ Claims were also brought against the Vinson/Chisholm Defendants for (1) civil conspiracy with MTP and others; (2) aiding and abetting MTP’s and others’ breaches of duties to MTP; (3) recklessness, gross negligence and negligence in their dealings with MTP and others; (4) negligent retention and supervision; and (5) vicarious liability.

which the Receiver's proposed settlement with the Vinson/Chisholm Defendants accounts for \$2,200,000.00 (the "Settlement Amount"). In return, the Vinson/Chisholm Defendants are to obtain total peace with respect to all claims that have been, or could have been, asserted against them, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with the Vinson/Chisholm Defendants were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with the Vinson/Chisholm Defendants and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with the Vinson/Chisholm Defendants very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with the Vinson/Chisholm Defendants which is part of a package of proposed settlements totaling \$19,200,000.00, guarantees immediate and substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with the Vinson/Chisholm Defendants is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory

entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and ‘fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors’ claims against third-party defendants into the “receivership distribution process.” *Zacarias v. Stanford Int’l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) (“By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford’s investors must recover Ponzi-scheme losses through the receivership distribution process.”); *see also id.* at 902 (“Again, the receivership solves a collective-action problem among the Stanford entities’ defrauded investors, 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 S.E.C. v. Stanford Int’l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) (“Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.”).

The Court previously entered a bar order as a condition of the Receiver’s settlement with Butler Snow. The Receiver represents the proposed bar order here

is necessary to obtain settlement with the Vinson/Chisholm Defendants which proceeds can be distributed equitably to Madison Timber's victims through the Receivership Estate.

The public's interest

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims against the Vinson/Chisholm Defendants, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court's public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. The UPS Store, Inc.*, Case No. 3:19-cv-00364-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested Parties who wished to address the proposed settlement at the

hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the Vinson/Chisholm Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Vinson/Chisholm Settlement Agreement shall have the same meaning as in the Vinson/Chisholm Settlement Agreement (which this Final Bar Order incorporates by reference). The Vinson/Chisholm Settlement Agreement and Bar Order ("Final Bar Order") should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir.

2019) (receivership court authority includes entering “bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation”). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or the Vinson/Chisholm Defendants, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP’s wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object to and be heard regarding the Settlement and this Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal

Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits, value and collectability of the claims asserted against the Vinson/Chisholm Defendants by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail or collect on their claims; and (iii) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to the Vinson/Chisholm Defendants' agreement to settle, and that the Vinson/Chisholm Defendants would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Vinson/Chisholm Defendants' relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the Receiver's claims, and their suits

directly affect the Receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against settling defendants.) The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from the Vinson/Chisholm Defendants for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against the Vinson/Chisholm Defendants, MTP and other Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential and required component to achieve the Settlement, without which the Vinson/Chisholm Defendants would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Vinson/Chisholm Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed

to implement and consummate the Settlement in accordance with the terms and provisions of the Vinson/Chisholm Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, administrative law or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) the Vinson/Chisholm Defendants' relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) the Vinson/Chisholm Defendants' provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or

commenced in any Forum, whether now known or unknown and whether or not asserted in the Vinson/Chisholm Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by the Vinson/Chisholm Defendants.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Vinson/Chisholm Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Vinson/Chisholm Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and the Vinson/Chisholm Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance

or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, that in any way relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) the Vinson/Chisholm Defendants' relationships with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) the Vinson/Chisholm Defendants' provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Vinson/Chisholm Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Vinson/Chisholm Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from the Vinson/Chisholm Defendants, including Vinson, Chisholm and R&M, where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money

owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon the Vinson/Chisholm Defendants.

10. The Vinson/Chisholm Defendants have no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Vinson/Chisholm Settlement Agreement; or any losses, attorneys'

fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Settlement, the Vinson/Chisholm Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Vinson/Chisholm Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, amended complaints, claims, allegations, or defenses in the Vinson/Chisholm Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss in the Vinson/Chisholm Litigation as specified in paragraph 27 of the Vinson/Chisholm Settlement Agreement by the deadline set forth in that paragraph. Vinson and Chisholm or their insurer are hereby ordered to deliver or cause to be delivered the Settlement Amount (\$2,200,000.00) pursuant to the terms and subject to the conditions in the Vinson/Chisholm Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Vinson/Chisholm Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation,

consummation, and enforcement of the Settlement, the Vinson/Chisholm Settlement Agreement, the Order Setting Hearing, and this Final Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Vinson/Chisholm Settlement Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Vinson/Chisholm Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE

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. Bradley W. Rath, Magistrate
Judge

Related cases:

Alysson Mills v. BankPlus, et al., No.
3:19-cv-196 (S.D. Miss.)

*Alysson Mills v. The UPS Store, Inc.,
et al.*, No. 3:19-cv-364 (S.D. Miss.)

*Alysson Mills v. Trustmark, et
al.*, No. 3:19-cv-941 (S.D. Miss.)

PROPOSED PARTIAL FINAL JUDGMENT AND FINAL BAR ORDER

Before the Court is the Motion to Approve Proposed Settlements and Bar Orders filed by Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC.¹

¹ Terms used in this Final Bar Order that are defined in the Settlement Agreement attached as Exhibit 1.5 of the Appendix to the Motion (ECF No. _____) (the “Southern Bancorp Settlement Agreement”), have the same meaning as in the Southern Bancorp Settlement Agreement (which this Partial Final Judgment and Bar Order incorporates by reference).

The Motion asks the Court to approve proposed settlements totaling \$19,200,000.00, of which the Receiver's proposed settlement with Defendant Southern Bancorp Bank ("Southern Bancorp"), accounts for \$500,000.00.

The settlement with Southern Bancorp is contingent on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Following notice to all Interested Parties,² and a hearing in open court, and having provided an opportunity for all Interested Parties to present objections, arguments and evidence, and having considered the submissions by all Interested Parties and heard the arguments of counsel, the Court **GRANTS** the Motion.

BACKGROUND

The Madison Timber Ponzi scheme

Adams, through Madison Timber, operated a Ponzi scheme (the "MTP Ponzi Scheme") that defrauded hundreds of investors. Investors in Madison Timber believed that Madison Timber used investors' money to purchase timber from Mississippi landowners; that Madison Timber sold the timber to mills at a higher price; and that Madison Timber repaid investors their principal and promised interest with the proceeds of those sales. Investors received timber deeds that

² "Interested Parties" means the Receiver; the Receivership Estate; the Claimants; Adams and MTP; MTP Investors; every Person who owns a Claim or a beneficial interest in a Claim; and any Person or Persons alleged by the Receiver or other Person or entity on behalf of the Receivership Estate to be liable to the Receivership Estate, whether or not a formal proceeding has been initiated.

purported to secure their investments—but the documents were fake.³ There was no timber, and there were no proceeds from sales of timber. The money used to repay existing investors came solely from new investors.⁴

On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud and admitted “all of the conduct of the entire scheme and artifice to defraud as set forth” in a bill of information.⁵

The Receiver

On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.⁶ 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.”⁷

The Receiver’s lawsuits

Beginning in December 2018, the Receiver filed four lawsuits against people and companies who she alleged aided and abetted the Madison Timber Ponzi scheme. Relevant here, the Receiver filed a complaint against Southern Bancorp and others

³ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 9.

⁴ Doc. 1, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.), at ¶ 10.

⁵ Doc. 11, *United States v. Adams*, No. 3:18-cr-88 (S.D. Miss.).

⁶ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

⁷ Doc. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

in the separate but related case styled *Mills v. Trustmark National Bank, et al.*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.) (the “Litigation”).

In the Litigation, the Receiver alleges claims against Southern Bancorp for aiding and abetting Adams’ breaches of duty to MTP, among others.⁸ Southern Bancorp strongly denies liability for all those claims and assert numerous defenses to them.

For more than three years, the parties have vigorously litigated the Receiver’s claims. The parties’ vigorous litigation—which has been documented in the Receiver’s regular reports, on her website, and in the Court’s separate records for each of the four lawsuits and for the consolidated civil action styled *In re Consolidated Discovery in Cases Filed By Alysson Mills*, No. 3:22-cv-00036 (S.D. Miss.)—has been costly in both time and resources.

The proposed settlements

Beginning in May, the Receiver and certain of the defendants in her separate but related cases undertook detailed and lengthy settlement negotiations under the direction of Magistrate Judge F. Keith Ball. In these negotiations, all parties were well-represented. With Judge Ball’s generous assistance over the summer, those negotiations have resulted in the proposed settlements totaling \$19,200,000.00, of

⁸ Claims were also brought against Southern Bancorp for (1) civil conspiracy with MTP and others; (2) aiding and abetting MTP’s and others’ breaches of duties to MTP; (3) recklessness, gross negligence and negligence in their dealings with MTP and others; (4) negligent retention and supervision; (5) violation of Mississippi’s Fraudulent Transfer Act; (6) violation of Mississippi’s Racketeer Influenced and Corrupt Organization Act (“MRICO”); and (7) vicarious liability.

which the Receiver's proposed settlement with Southern Bancorp accounts for \$500,000.00 (the "Settlement Amount"). In return, Southern Bancorp is to obtain total peace with respect to all claims that have been, or could have been, asserted against it, arising in any respect out of the events leading to these proceedings. The Receiver represents that her negotiations with Southern Bancorp were long and thoughtful and benefited from the meaningful input of Judge Ball. She is satisfied that the proposed settlement is in the Receivership Estate's best interest.

The proposed settlement avoids indefinite litigation with Southern Bancorp and the accompanying risk of rulings adverse to the Receivership Estate. 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. Continued litigation with Southern Bancorp very likely could continue at the same pace for years and deplete resources otherwise available to pay a settlement or judgment.

The proposed settlement with Southern Bancorp which is part of a package of proposed settlements totaling \$19,200,000.00, guarantees immediate and substantial benefit to Madison Timber's victims, and the Receiver will retain her claims against non-settling defendants.

The proposed bar order

Settlement with Southern Bancorp is conditioned on the Court's entry of a bar order for their benefit. A bar order bars any person or non-regulatory entity from asserting claims against the settling defendant arising out of, in connection with, or relating to the Madison Timber Ponzi scheme.

Courts utilize bar orders if they are both necessary to effectuate a settlement and fair, equitable, reasonable, and in the best interest of the Receivership Estate. The Fifth Circuit has expressly approved bar orders in the *Stanford* receivership that channeled investors' claims against third-party defendants into the "receivership distribution process." *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 900 (5th Cir. 2019) ("By entering the bar orders, the district court recognized the reality that, given the finite resources at issue in this litigation, Stanford's investors must recover Ponzi-scheme losses through the receivership distribution process."); *see also id.* at 902 ("Again, the receivership solves a collective-action problem among the Stanford entities' defrauded investors, 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 S.E.C. v. Stanford Int'l Bank, Ltd.*, 927 F.3d 830, 840 (5th Cir. 2019) ("Courts have accordingly exercised their discretion to issue bar orders to prevent parties from initiating or continuing lawsuits that would dissipate receivership assets or otherwise interfere with the collection and distribution of the assets.").

The Court previously entered a bar order as a condition of the Receiver's settlement with Butler Snow. The Receiver represents the proposed bar order here is necessary to obtain settlement with Southern Bancorp which proceeds can be distributed equitably to Madison Timber's victims through the Receivership Estate.

The public's interest

The Court, mindful that Madison Timber's victims, as the beneficiaries of the Receivership Estate, have a substantial interest in the Receiver's claims Southern Bancorp, allowed Interested Parties an opportunity to be heard on the proposed settlement.

On _____, 2023, the Receiver filed the Motion, which included as exhibits a Proposed Partial Final Judgment and Final Bar Order, and a Proposed Order setting a hearing. (ECF No. ____). On _____, 2023, the Court entered an Order Setting Hearing, filed in the Court's public records in the cases styled *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.), and *Mills v. Trustmark National Bank, et al.*, Case No. 3:19-cv-941-CWR-BWR (S.D. Miss.). The Order Setting Hearing instructed the Receiver to provide a notice and explanation of the Order Setting Hearing, the proposed Settlement Agreement, the proposed Order Approving Settlement and Bar Orders and instructions for submitting comments or objections via her website and via U.S. Mail to all Interested Parties at their last known address.

Interested Parties who wished to submit comments or objections were advised to do so at least ____ 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. Interested Parties who wished to address the proposed settlement at the hearing were given an opportunity to be heard. On _____, 2023, the Court held the scheduled hearing.

The Court is satisfied and finds that the notice and hearing provided 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, adequate, and desirable under the circumstances, given the particular interests at stake, and satisfied the requirements of due process.

FINAL BAR ORDER

After notice and hearing, and after having considered the filings and arguments of counsel, the Court finds that the terms of the Southern Bancorp Settlement Agreement are adequate, fair, reasonable, and equitable; and that a bar order (hereafter, "Final Bar Order") is appropriate and necessary, and an essential, integral and required part of the Settlement, without which the Settlement would not have occurred and would not be consummated. Terms used in this Final Bar Order that are defined in the Southern Bancorp Settlement Agreement shall have the same meaning as in the Southern Bancorp Settlement Agreement (which this Final Bar Order incorporates by reference). The Southern Bancorp Settlement Agreement and Bar Order ("Final Bar Order") should be and is hereby APPROVED.

It is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court has broad powers and wide discretion to determine the appropriate relief in this equity receivership, including the authority to enter the Final Bar Order. *See Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883, 897 (5th Cir. 2019) (receivership court authority includes entering "bar orders foreclosing suit against third-party defendants with whom the receiver is also engaged in litigation").

Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.

2. The Receiver provided the Court with detailed evidence of the notice that was provided to all Interested Parties, including notice to all Persons with potential or asserted rights to receive funds from the Receivership Estate, or the funds and assets subject to the authority of the Receiver, or Southern Bancorp, arising from alleged harm, injury, losses, or damages sustained as a result of the MTP Ponzi Scheme and MTP's wrongful actions. The Receiver provided notice of the Settlement by email and mail, as well as by posting the information on her website. The Receiver attested to the effectiveness of those forms of notices based on her longstanding means of communicating with Claimants throughout the course of this matter. The Court finds that the notice to Interested Parties (i) constituted the best practicable notice; (ii) were reasonably calculated, under the circumstances, to apprise all Interested Parties of the Settlement, the releases and dismissal of Settled Claims, and the injunctions provided for in this Partial Final Judgment and Final Bar Order; (iii) was reasonably calculated, under the circumstances, to apprise all Interested Parties of the right to object to and be heard regarding the Settlement and this Final Bar Order, and to appear at and participate in the final approval Hearing; (iv) was reasonable and constituted due, adequate, and sufficient notice; (v) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) provided to all Interested Parties a full and fair

opportunity to be heard on these matters, including the right to appear before the Court at the final Hearing and to be represented by counsel, and to present evidence and argument and to examine witnesses if they chose to do so.

3. The Court finds that the Settlement, including the Settlement Amount, was reached following an extensive investigation of the facts and resulted from vigorous, good-faith, arm's-length negotiations involving experienced and competent counsel. The Court further finds that (i) significant issues exist as to the merits, value and collectability of the claims asserted against Southern Bancorp by the Receiver and others whose potential claims are foreclosed by this Final Bar Order; (ii) a significant risk exists that future litigation costs could dissipate Receivership Assets and that the Receiver and the Claimants may not ultimately prevail or collect on their claims; and (iii) this Final Bar Order is an essential, integral part of the Settlement, and is a condition to Southern Bancorp's agreement to settle, and that Southern Bancorp would not have agreed to the terms of the Settlement in the absence of this Final Bar Order and assurance of "total peace" with respect to all claims that have been, or could be, asserted by any Persons arising from any aspect of the Southern Bancorp's relationship with MTP and other Receivership Defendants. Therefore, the Court finds that the Claimants, including the MTP Investors, "can participate in the receivership process, their claims are derivative of and dependent on the Receiver's claims, and their suits directly affect the Receiver's assets." *Zacarias*, 945 F.3d at 897 (explaining approval of bar order, as part of settlement of Ponzi scheme-related claims, permanently prohibiting investors from pursuing separate claims against

settling defendants.) The injunction against those claims as set forth here is therefore a necessary and appropriate order ancillary to the relief obtained for victims of the MTP Ponzi Scheme pursuant to the Settlement. After careful consideration of the record and applicable law, the Court concludes that the Settlement is the best option for maximizing the net amount recoverable from Southern Bancorp for the Receivership Estate and the Claimants.

4. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

5. Accordingly, the Court finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against Southern Bancorp, MTP and other Receivership Defendants and their affiliates, or the Receivership Estate in connection with the Settled Claims. The Court also finds that this Final Bar Order is a necessary, integral, essential and required component to achieve the Settlement, without which Southern Bancorp would not have agreed to the Settlement, and without which the Settlement will not be consummated. The Settlement, the terms of which the Southern Bancorp Settlement Agreement sets forth, is hereby fully and finally approved. The Parties are directed to implement and consummate the Settlement in accordance with the terms and provisions of the Southern Bancorp Settlement Agreement and this Final Bar Order.

6. As of the Settlement Effective Date, Southern Bancorp, shall be completely released, acquitted, and forever discharged from any action, cause of action, suit, liability, claim, right of action, right of levy or attachment, or demand whatsoever, whether or not currently asserted, and whether based on federal law, state law, foreign law, common law, administrative law or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the MTP Investors, the Claimants, the Interested Parties, and the Persons, entities and interests represented by those parties ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, that concerns, relates to, arises out of, or is in any manner connected with (i) Adams and MTP; (ii) the MTP Investors and MTP Investments, and any promissory note or investment of any type with any one or more of MTP; (iii) Southern Bancorp's relationships with MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; (iv) Southern Bancorp's provision of services to or for the benefit of or on behalf of any one or more of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning any of MTP and/or any of their personnel or any Person acting by, through, or in concert with MTP; pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding.

7. As of the Settlement Effective Date, the Receiver shall be completely released, acquitted, and forever discharged from all Settled Claims by Southern Bancorp.

8. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Settlement or the Southern Bancorp Settlement Agreement or bar the Parties from enforcing or effectuating the terms of the Settlement or the Southern Bancorp Settlement Agreement, and this Court shall retain jurisdiction over the Parties' compliance with and to enforce the terms of the Settlement and the Southern Bancorp Settlement Agreement.

9. The Court hereby permanently bars, restrains, and enjoins the Receiver, the MTP Investors, the Claimants, the Interested Parties, and all other Persons or entities anywhere in the world, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstituting, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against Southern Bancorp, or any action, lawsuit, cause of action, claim, investigation, demand, levy, complaint, or proceeding of any nature in any Forum, including, without limitation, any court of first instance or any appellate court or arbitration forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, against Southern Bancorp that in any way

relates to, is based upon, arises from, or is connected with (i) MTP or the MTP Ponzi Scheme; (ii) the MTP Investments and any promissory note or investment of any type with MTP; (iii) Southern Bancorp's relationship with MTP and/or any of its personnel or any Person acting by, through, or in concert with any of them; (iv) Southern Bancorp's provision of services to or for the benefit of or on behalf of MTP; or (v) any matter that was asserted in, could have been asserted in, or relates in any respect to the subject matter of this action, or any other proceeding concerning MTP or the MTP Investors or the MTP Investments pending or commenced in any Forum, whether now known or unknown and whether or not asserted in the Litigation or any other proceeding. These claims and causes of action are instead channeled into the "receivership distribution process." *Zacarias, supra*, 945 F.3d at 900. The foregoing specifically includes any claim, however denominated and whether brought in the Litigation, or any other Forum, seeking contribution, indemnity, damages, or other remedy from Southern Bancorp where the alleged injury to that Person, entity, or Interested Party, or the claim asserted by that Person, entity, or Interested Party, is based upon that Person's, entity's, or Interested Party's liability to the Receiver, the MTP Investors, Claimants, or Interested Party arising out of, relating to, or based in whole or in part upon money owed, demanded, requested, offered, paid, agreed to be paid, or required to be paid to the Receiver, MTP Investor or Claimant, Interested Party, or other Person or entity, whether pursuant to a demand, judgment, claim, agreement, settlement or otherwise.

Nothing in this Final Bar Order shall impair, affect, or be construed to impair or affect in any way whatsoever, any right of any Person, entity, or Interested Party to (i) claim a credit or offset, however determined or quantified, if and to the extent provided by any applicable statute, code, or rule of law, against any judgment amount, based upon the Settlement or payment of the Settlement Amount; or (ii) take discovery under applicable rules in litigation; provided for the avoidance of doubt that nothing in this paragraph shall be interpreted to permit or authorize any action or claim seeking to impose any liability of any kind (including but not limited to liability for contribution, indemnification or otherwise) upon Southern Bancorp.

10. Southern Bancorp has no responsibility, obligation, or liability whatsoever with respect to the content of the notice; the notice process; the administration of the Settlement; the management, investment, distribution, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Settlement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Settlement or the Southern Bancorp Settlement Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate

or cancel the Settlement, the Southern Bancorp Settlement Agreement, or this Final Bar Order.

11. Nothing in this Final Bar Order or the Southern Bancorp Settlement Agreement and no aspect of the Settlement or negotiation or mediation 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 the Parties with regard to any of the complaints, amended complaints, claims, allegations, or defenses in the Litigation, or any other proceeding.

12. The Receiver is hereby ordered to file the agreed motion to dismiss in the Litigation as specified in paragraph 26 of the Southern Bancorp Settlement Agreement by the deadline set forth in that paragraph. Southern Bancorp is hereby ordered to deliver or cause to be delivered the Settlement Amount (\$500,000.00) pursuant to the terms and subject to the conditions in the Southern Bancorp Settlement Agreement. Further, the Parties are ordered to act in conformity with all other provisions of the Southern Bancorp Settlement Agreement.

13. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Receivership and the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Settlement, the Southern Bancorp Settlement Agreement, the Order Setting Hearing, and this Final Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Settlement, the Southern Bancorp Settlement

Agreement, the Distribution Plan, and any payment of Attorneys' Fees and expenses to Plaintiffs' counsel.

14. 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 Partial Final Judgment and Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

15. This Partial Final Judgment and Final Bar Order 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, the Southern Bancorp Settlement Agreement, or this Final Bar Order.

Signed on _____

CARLTON W. REEVES
UNITED STATES DISTRICT JUDGE