

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiffs,

v.

**ARTHUR LAMAR ADAMS AND
MADISON TIMBER PROPERTIES, LLC,**

Defendants.

No: 3:18-cv-252-CWR-BWR

**Carlton W. Reeves, District Judge
Bradley W. Rath, Magistrate Judge**

RECEIVER'S REPORT

June 28, 2024

/s/ Alysson Mills

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*Receiver for Arthur Lamar Adams and
Madison Timber Properties, LLC*

Introduction

For many years Arthur Lamar Adams, through his companies Madison Timber Company, Inc. and Madison Timber Properties, LLC, operated a Ponzi scheme that defrauded hundreds of investors. On May 9, 2018, Adams pleaded guilty to the federal crime of wire fraud. On October 30, 2018, he was sentenced to 19.5 years in prison.

On June 22, 2018, the Court appointed me receiver of the estates of Adams and Madison Timber. The order of appointment sets forth my responsibilities and duties. Among other things, the order instructs me to take any action necessary and appropriate to preserve the assets of Adams and his businesses, to maximize funds available to victims. I have undertaken these tasks with substantial assistance from my counsel.

I report to the Court quarterly, or approximately every 90 days. I filed my last report on March 29, 2024, and this report picks up where that report left off. It contains the following parts:

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My reports are for the Court, but I write them for a broader audience, knowing that they may be read by non-lawyers including victims. All the filings mentioned in my reports are available at madisontimberreceiver.com.

Highlights

The Receivership Estate already sold or otherwise resolved its interests in any property or real estate belonging to Adams or Madison Timber. I now focus primarily on its lawsuits. I offer the following highlights here:

Remaining lawsuits:

The Receivership Estate still has two lawsuits: one against Baker Donelson, Jon Seawright, and Brent Alexander; the other against UPS, The UPS Store Madison, and individual notaries. I will continue to litigate both cases, presumably to a jury trial.

In both cases I am waiting on a trial date. Meanwhile, Baker Donelson and UPS continue to seek broad, invasive discovery into victims' personal lives and finances, and I continue to oppose it. They also continue to file motions on a variety of issues.

In April, UPS filed a motion for summary judgment that argues it is not vicariously liable for its franchisee, The UPS Store Madison, and its employees, the individual notaries. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

In May, Baker Donelson and UPS filed motions for summary judgment that argue I do not have standing to sue them. The Court has already addressed my standing to sue, many times. My oppositions to these motions are available at madisontimberreceiver.com. The Court has not yet ruled.

On May 21, 2024, I noticed the depositions of the individual notaries in the UPS case. On May 29, 2024, UPS filed a motion that asked the Court to prevent me from taking the depositions. The Court promptly denied the motion in an order dated June 4, 2024.

I am pleased to report that, five years into these lawsuits, my counsel took the first of several depositions this month, and we have more scheduled in July.

Jon Seawright and Brent Alexander:

The Court ordered Jon Seawright and Brent Alexander to together pay \$977,044 in restitution. In my last report, I reported that the U.S. Attorney's Office had collected and tendered

to the Receivership Estate \$509,278.35. Since then, it has collected and tendered an additional \$433,030.42. I am extremely grateful for these impressive efforts.

Criminal cases' statuses

Related criminal cases' statuses, in the order of their filings, are as follows:

***United States v. Adams*, No. 3:18-cr-88**

Lamar Adams is serving a 19.5-year sentence in federal prison.

***United States v. McHenry*, No. 3:19-cr-20**

Bill McHenry was acquitted on December 5, 2019.

***United States v. Alexander, et al.*, No. 3:20-cr-31**

Jon Seawright is serving a twelve month and one-day sentence in federal prison. Brent Alexander is serving a sixty-month term of probation with the first two years being on home confinement.

The Court ordered Seawright and Alexander to together pay \$977,044 in restitution. In my last report, I reported that the U.S. Attorney's Office had collected and tendered to the Receivership Estate \$509,278.35. Since then, it has collected and tendered an additional \$433,030.42.

Civil cases' status

Related civil cases' statuses, in the order of their filings, are as follows:

***Securities & Exchange Commission v. Adams, et al.*, No. 3:18-cv-252**

The S.E.C.'s case against Adams and Madison Timber, filed April 20, 2018, remains open for the purpose of administering the Receivership Estate's affairs.

Alysson Mills v. Michael D. Billings, et al., No. 3:18-cv-679

Related: In re William B. McHenry, Jr., No. 20-bk-268; No. 20-ap-22

The complaint against Mike Billings, Wayne Kelly, and Bill McHenry, filed October 1, 2018, alleges they received millions of dollars in “commissions” in exchange for their recruitment of new investors to Madison Timber.

Wayne Kelly and Mike Billings settled with the Receivership Estate.

I obtained a final judgment against Bill McHenry in the amount of \$3,473,320.¹ McHenry has not paid the judgment. An auction of items that I seized from him resulted in total proceeds of \$16,728.55 only. He paid \$31,450 to obtain his release from the Madison County jail following the Court’s order holding him in contempt.

Alysson Mills v. Butler Snow, et al., No. 3:18-cv-866

Related: In re Jon Darrell Seawright, No. 19-bk-3921; No. 20-ap-11; No. 20-cv-232

The complaint against Butler Snow LLP; Butler Snow Advisory Services, LLC; Matt Thornton; Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Alexander Seawright, LLC; Brent Alexander; and Jon Seawright, filed December 19, 2018 and amended November 22, 2019, alleges the law firms and their agents lent their influence, their professional expertise, and even their clients to Adams and Madison Timber.

Butler Snow settled with the Receivership Estate in 2021.²

The Court denied Baker Donelson’s and Seawright and Alexander’s motions to dismiss on May 5, 2021.³ On February 8, 2022, the Court granted Baker Donelson’s motion to reconsider in part but still did not dismiss any of the Receivership Estate’s claims.⁴

I still am waiting on a trial date and an accompanying scheduling order.

¹ Docs. 62, 63, *Alysson Mills v. Michael D. Billings, et al.*, No. 3:18-cv-679 (S.D. Miss.).

² Doc. 250, *Securities & Exchange Commission v. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

³ Doc. 70, *Alysson Mills v. Butler Snow, et al.*, No. 3:18-cv-866 (S.D. Miss.).

⁴ Doc. 112, *Alysson Mills v. Butler Snow, et al.*, No. 3:18-cv-866 (S.D. Miss.).

Meanwhile, pending matters include the following:

On November 21, 2023, Baker Donelson re-filed a motion to subpoena all 218 victims of Madison Timber (184 investors in Madison Timber, plus the additional 34 who invested through the Alexander Seawright Timber Fund). There is still no precedent for the broad, invasive discovery that Baker Donelson seeks. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

On May 14, 2024, Baker Donelson filed another motion for summary judgment. The motion argues I do not have standing to sue Baker Donelson. The Court has already addressed my standing to sue, many times. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196

The complaint against BankPlus; BankPlus Wealth Management, LLC; Gee Gee Patridge, Vice President and Chief Operations Officer of BankPlus; Stewart Patridge; Jason Cowgill; Martin Murphree; Mutual of Omaha Insurance Company; and Mutual of Omaha Investor Services, Inc., filed March 20, 2019 and amended January 4, 2021, alleges the financial institutions and their agents lent their influence, their professional services, and even their customers to Madison Timber, establishing for it a de facto DeSoto County headquarters within BankPlus's Southaven, Mississippi branch office.

Martin Murphree settled with the Receivership Estate in 2021.⁵ The remaining defendants settled with the Receivership Estate in 2023, and the case was closed on January 30, 2024.⁶

Alysson Mills v. The UPS Store, Inc., et al., No. 3:19-cv-364

The complaint against The UPS Store, Inc.; Herring Ventures, LLC d/b/a The UPS Store; Austin Elsen; Tammie Elsen; Courtney Herring; Diane Lofton; Chandler Westover; Rawlings & MacInnis, PA; Tammy Vinson; and Jeannie Chisholm, filed May 23, 2019 and amended June 13,

⁵ Doc. 174, *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.).

⁶ Doc. 234, *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.).

2019, alleges the defendants are the notaries and their employers on whom Lamar Adams principally relied to notarize fake timber deeds.

Tammy Vinson and Jeannie Chisholm (in full and complete settlement and release of them and their former employer, the law firm Rawlings & MacInnis) settled with the Receivership Estate in 2023.⁷

UPS moved to dismiss the complaint not once but twice, and on both occasions the Court denied its motions, most recently on March 1, 2021. The Court denied its motion to certify the Court's order for interlocutory appeal on November 10, 2021.⁸

I still am waiting on a trial date and an accompanying scheduling order.

Meanwhile, pending matters include the following:

On December 21, 2023, I amended the complaint again to name The UPS Store Madison's insurer, CNA, a defendant, after its repeated denials of coverage. CNA filed a motion to dismiss. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

On December 29, 2023, UPS re-filed a motion to subpoena all 218 victims of Madison Timber (184 investors in Madison Timber, plus the additional 34 who invested through the Alexander Seawright Timber Fund). There is still no precedent for the broad, invasive discovery that UPS seeks. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

On April 1, 2024, UPS filed a motion for summary judgment that argues it is not vicariously liable for its franchisee, The UPS Store Madison, and its employees, the individual notaries. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

On May 20, 2024, UPS filed yet another motion for summary judgment. The motion argues I do not have standing to sue UPS. The Court has already addressed my standing to sue,

⁷ Doc. 370, *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.).

⁸ Doc. 310, *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.).

many times. My opposition to the motion is available at madisontimberreceiver.com. The Court has not yet ruled.

On May 21, 2024, I noticed the depositions of the individual notaries. On May 29, 2024, UPS filed a motion to stay discovery that asked the Court to prevent me from taking the depositions. Of course, I opposed the motion; my opposition is available at madisontimberreceiver.com. The Court promptly denied the motion in an order dated June 4, 2024.

I am pleased to report that, five years into this lawsuit, my counsel took the first of several depositions this month, and we have more scheduled in July.

Securities & Exchange Commission v. Kelly, et al., No. 3:19-cv-585

On August 27, 2019, the S.E.C. obtained a judgment against Wayne Kelly permanently enjoining him from further violations of federal securities laws; disgorging his ill-gotten gains, in an amount to be determined; and ordering that he pay civil penalties, in an amount to be determined.⁹

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941

The complaint against Trustmark National Bank, Bennie Butts, Jud Watkins, Southern Bancorp Bank, and RiverHills Bank, filed December 30, 2019, alleges the financial institutions and their agents provided the banking services that enabled and sustained the Madison Timber Ponzi scheme.

The defendants settled with the Receivership Estate in 2023, and the case was closed on January 29, 2024.¹⁰

⁹ Docs. 5, 6, *Securities & Exchange Commission v. Terry Wayne Kelly and Kelly Management, LLC*, No. 3:19-cv-585 (S.D. Miss.).

¹⁰ Doc. 140, *Alysson Mills v. Trustmark National Bank, et al.*, No. 3:19-cv-941 (S.D. Miss.).

Securities & Exchange Commission v. Billings, et al., No. 3:20-cv-50

On March 3, 2020, the S.E.C. obtained a judgment against Mike Billings permanently enjoining him from further violations of federal securities laws; disgorging his ill-gotten gains, in an amount to be determined; and ordering that he pay civil penalties, in an amount to be determined.¹¹

Alysson Mills v. Stuart Anderson, et al., No. 3:20-cv-427

The complaint against Stuart Anderson, Randy Shell, and Shell Investments, LLC, filed June 25, 2020, alleges they received \$635,000 in “commissions” in exchange for their recruitment of new investors to Madison Timber.

The defendants settled with the Receivership Estate.¹²

Securities & Exchange Commission v. McHenry, et al., No. 3:21-cv-554

On August 17, 2022, the S.E.C. obtained final judgment against Bill McHenry permanently enjoining him from further violations of federal securities laws.¹³

Alysson Mills v. Gary Property Management, LLC., No. 3:22-cv-296

The complaint against Gary Property Management, LLC, filed June 2, 2022, sought a judgment that Gary Property Management is not entitled to proceeds from the Receivership Estate’s sale of property formerly owned by Oxford Springs, LLC. The Court entered that judgment on August 3, 2023.¹⁴

¹¹ Doc. 1, *Securities & Exchange Commission v. Michael Douglas Billings and MDB Group, LLC*, No. 3:20-cv-50 (S.D. Miss.).

¹² Docs. 18, 32, *Alysson Mills vs. Stuart Anderson, et al.*, No. 3:20-cv-427 (S.D. Miss.).

¹³ Doc. 20, *Securities & Exchange Commission v. William B. McHenry Jr. and First South Investments, LLC*, No. 3:21-cv-554 (S.D. Miss.).

¹⁴ Doc. 39, *Alysson Mills v. Gary Property Management, LLC.*, No. 3:22-cv-296 (S.D. Miss.).

In the Matters of Ted Brent Alexander and Jon Darrell Seawright, Securities & Exchange Commission File Nos. 3-21813 and 3-21814

On December 20, 2023, the S.E.C. entered “Orders Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions,” barring Brent Alexander and Jon Seawright “from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.”

Next 90 days

The Receivership Estate’s counsel and I will continue to push the Receivership Estate’s remaining lawsuits against Baker Donelson, Jon Seawright, and Brent Alexander and against UPS, The UPS Store Madison, and individual notaries. We will respond to motions, file motions as circumstances require, and conduct discovery. We will continue to identify issues that the parties need not await trial to resolve, and we will ask the Court to decide those issues now.

We will continue to object to invasive discovery into victims’ personal lives and finances.

We will continue to monitor settling defendants’ compliance with their settlement agreements and attempt to execute on the judgment against Bill McHenry.

I will continue to confer with federal and state authorities as circumstances require.

I will continue to communicate with Madison Timber’s victims. They may continue to call, email, or write me anytime.

Summary of status of assets

The current status of the Receivership Estate's assets is as follows:

Receivership Estate's account at Hancock Bank

Previous account balance as of March 29, 2024	\$1,128,275.47
USAO— <i>Seawright and Alexander restitution</i>	+\$433,030.42
Interest	+\$9,598.10
Matthews, Cutrer, & Lindsay CPA	-\$1,250.00
	\$1,569,653.99

Alysson Mills v. Butler Snow, et al., No. 3:18-cv-866

Lawsuit to hold law firms liable for debts of the Receivership Estate

*litigation ongoing
against Baker Donelson,
Jon Seawright, and Brent Alexander*

~~Settlement—Butler Snow defendants~~

~~*received \$9,500,000*~~

Alysson Mills v. BankPlus, et al., No. 3:19-cv-196

Lawsuit to hold bank and financial services company liable for debts of the Receivership Estate

~~Settlement—Martin Murphree~~

~~*received \$14,400
plus \$98,081.25 in satisfaction of
promissory note*~~

~~Settlement—BankPlus defendants~~

~~*received \$6,500,000
plus \$11,197.40 in interest*~~

Alysson Mills v. The UPS Store, et al., No. 3:19-cv-364

Lawsuit to hold notaries liable for debts of the Receivership Estate

*litigation ongoing
against UPS, The UPS Store Madison,
and individual notaries*

~~Settlement—Tammy Vinson and Jeannie Chisholm~~

~~*received \$2,200,035*~~

Alysson Mills v. Trustmark, et al., No. 3:19-cv-941

Lawsuit to hold banks liable for debts of the Receivership Estate

Settlement—Trustmark defendants

~~received \$6,500,000
plus \$20,672.13 in interest~~

Settlement—RiverHills defendants

~~received \$3,500,000
plus \$8,348.36 in interest~~

Settlement—Southern Bancorp

~~received \$500,000
plus \$1,590.16 in interest~~

Alysson Mills v. Michael Billings, et al., No. 3:18-cv-679

Lawsuit to recover commissions from recruiters

Judgment—Bill McHenry

\$3,473,320 judgment outstanding

~~received \$16,728.55 in proceeds
from seized assets~~

~~received \$31,450 in proceeds
from contempt order tender~~

Settlement—Mike Billings

~~received \$325,000
plus 5% interest in Oxford Springs,
LLC~~

~~received \$187,500 in satisfaction
of promissory note~~

~~received additional \$163,928.97 in
proceeds from federal tax refund~~

Settlement—Wayne Kelly

~~received \$1,384,435.17
plus interests in 707, 315 Iona,
and KAPA Breeze, LLCs~~

~~received \$100,000 in satisfaction of
promissory note~~

~~received additional \$524,679.64 in
proceeds from federal tax refunds~~

~~received additional \$34,371.57 in
proceeds from federal tax refunds~~

Alysson Mills v. Stuart Anderson, et al., No. 3:20-cv-427

Lawsuit to recover commissions from recruiters

Settlement—Stuart Anderson

*received \$150,098 in satisfaction
of promissory note*

Settlement—Randy Shell

*promissory note in the amount of
\$505,114 outstanding*

Alysson Mills v. Gary Property Management, et al., No. 3:22-cv-296

Lawsuit to obtain judgment that Gary Property Management is not entitled to proceeds from sale of property formerly owned by Oxford Springs, LLC

Settlement—Gary Property Management

received \$15,000

United States v. Alexander, et al., No. 3:20-cr-31

Criminal proceedings filed by the U.S. Attorney's Office against Jon Seawright and Brent Alexander

*received \$509,278.35
in restitution*

*received additional \$433,030.42
in restitution*

Settlement—Brad Pugh

*promissory note in the amount of
\$183,002.66 outstanding*

Settlement—Pinnacle Trust

received \$500,000

~~1/4 interest in Mash Farms, LLC~~

~~808+ acres with hunting camp in Sunflower County~~

~~Purchased in 2014 for \$1,600,000~~

~~Encumbered by Trustmark Bank mortgage~~

~~Owe approximately \$900,000~~

*received \$258,500 in proceeds
from sale of the Receivership Estate's
interest*

~~100% interest in Oxford Springs, LLC~~

~~Undeveloped land in Lafayette County~~

~~Sold 2,278 acres; 100 acres remain~~

~~Unencumbered~~

*received \$4,668,530.48 in proceeds
from sale of 2,278 acres*

*received \$539,193.90 in proceeds
from sale of 100 acres*

*received \$17,5000 in proceeds
from 2020 lease*

~~1/6 interest in 707, LLC~~

~~263+ acres recreational land in Holmes County
Purchased in 2009
Encumbered by First Commercial Bank mortgage
Owe approximately \$368,000~~

*~~LLC sold principal asset and dissolved;
tendered \$6,994.09 representing
Adams's, Kelly's, and McHenry's
interests to the Receivership Estate~~*

~~1/3 interest in Delta Farm Land Investments, LLC~~

~~1170+ acres farmland in Oktibbeha County
Purchased in 2014 for \$2,796,100
Encumbered by Trustmark Bank mortgage
Owe approximately \$2,200,000~~

*~~LLC sold principal asset and dissolved;
tendered \$323,440.88 representing
Adams's interest to the Receivership
Estate~~*

~~1/2 interest in KAPA Breeze LLC~~

~~1.5+/- acres mixed use land on Highway 30A in Florida
Purchased in 2017 for approximately \$1,900,000
Encumbered by Jefferson Bank mortgage
Owe approximately \$1,365,000~~

*~~sold the Receivership Estate's
interest for \$700,000~~*

~~1/4 interest in Mallard Park, LLC~~

~~1,723 acres with hunting lodge in Humphreys County
Purchased in 2016 for \$2,593,500
Encumbered by Southern AgCredit mortgage
Owe approximately \$2,000,000~~

*~~sold the Receivership Estate's
interest for \$175,000~~*

~~Hartford Life and Annuity Insurance Co. policy~~

~~surrendered for \$167,206.60~~

~~Lincoln National Life Insurance Co. policy~~

~~surrendered for \$3,678.45~~

~~Settlement—Frank Zito~~

*~~received \$100,000,
first installment~~*

*~~received \$100,000,
second and final installment,
June 12, 2019~~*

~~Settlement—Ole Miss Athletics Foundation~~

*~~received \$155,084.50,
first installment~~*

*~~received \$155,084.50,
second and final installment,
April 17, 2019~~*

Marital Property Settlement—Vickie Lynn Adams Lump-sum payment includes proceeds from sale of Lexus LX 570 and liquidation of Hartford Life and Annuity Insurance Co. life insurance policy	received \$58,247
Settlement—Adams children	received \$170,000
Alexander Seawright—UPS's funds*	holding \$100,000
2018 King Ranch Ford F150 truck	sold for \$42,750
Condo in Calton Hill subdivision in Oxford, Mississippi Unencumbered	received \$139,919.09 in proceeds from sale
Settlement—Philippi Freedom Ministries	received \$16,125
Settlement—Rick Hughes Evangelistic Ministries	received \$43,657.95
Jewelry	for sale
House at 134 Saint Andrews Drive, Jackson, Mississippi Unencumbered	received \$350,777.38 in proceeds from sale
	received \$3,277.45 from sale of household goods on consignment
Settlement—Century Club Charities	received \$56,944
Settlement—Berachah Church	received \$175,904
Settlement—R.B. Thieme, Jr.	received \$104,626.50
Settlement—Operation Grace World Missions	received \$39,325
Returned proceeds—Techwood, LLC	received \$309,000

Strikethrough indicates asset has been liquidated or proceeds are already accounted for in the Hancock Bank account balance.

* I am holding these funds solely as an offset to the defendant's liability for the Receivership Estate's claims.