

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION

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

Plaintiff,

v.

MICHAEL D. BILLINGS and  
MDB GROUP, LLC;  
TERRY WAYNE KELLY, JR. and  
KELLY MANAGEMENT, LLC;  
and WILLIAM B. MCHENRY, JR. and  
FIRST SOUTH INVESTMENTS, LLC,

Defendants.

Case No. 3:18-cv-679

Arising out of Case No. 3:18-cv-252,  
*Securities and Exchange Commission v.  
Arthur Lamar Adams and Madison Timber  
Properties, LLC*

Hon. Carlton W. Reeves, District Judge  
Hon. F. Keith Ball, Magistrate Judge

**MOTION FOR PRELIMINARY INJUNCTION  
AGAINST MICHAEL D. BILLINGS AND MDB GROUP, LLC AND  
WILLIAM B. MCHENRY, JR. AND FIRST SOUTH INVESTMENTS, LLC**

Plaintiff Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (“Madison Timber”), through undersigned counsel, respectfully files this Motion for Preliminary Injunction against Michael D. Billings and MDB Group, LLC (sometimes collectively, “Billings”) and William B. McHenry and First South Investments, LLC (sometimes collective, “McHenry”) and states as follows:

1.

The Receiver has this day filed an amended complaint against Billings and McHenry that seeks to recover “commissions” that Defendants received from Arthur Lamar Adams and Madison Timber Properties, LLC.

2.

The Receiver’s complaint alleges Adams and Madison Timber paid these “commissions” in violation of the Mississippi and Texas Uniform Fraudulent Transfer Acts, which entitles the Receiver to “avoid,” or reclaim, assets fraudulently transferred to third parties including Billings and McHenry.

3.

The Receiver is almost certain to succeed on the merits of her claims: Madison Timber was a Ponzi scheme, and Billings and McHenry received proceeds from Madison Timber without providing reasonably equivalent value in return. “It takes cheek to contend that in exchange for the payments he received, the [Madison Timber] Ponzi scheme benefitted from his efforts to extend the fraud by securing new investments.” *Warfield v. Byron*, 436 F.3d 551 (5th Cir. 2006).

4.

In the meantime, the Receiver seeks an order restraining Billings and McHenry from dissipating assets in their possession that are directly traceable to the Madison Timber Ponzi scheme pending the litigation of the Receiver’s claims. Such an order is necessary to ensure the assets in question, which belong to the receivership estate, will still be there when the time comes to enforce any judgment entered against Billings and McHenry.

5.

The Mississippi and Texas Uniform Fraudulent Transfer Acts as well as case law governing federal equity receiverships authorize the order the Receiver requests.

6.

There is a substantial risk that the Receiver will be irreparably harmed if the Court does not grant this motion. The Receiver's primary objective is to maximize funds available for distribution to victims. If Billings and McHenry are not restrained, there is a substantial risk that they will transfer, sell, encumber, or otherwise devalue assets in their possession that belong to the receivership estate, and diminish funds available for collection by the Receiver, for the benefit of victims.

7.

Billings and McHenry cannot credibly contend that the harm to them if this motion is granted outweighs the harm to the Receiver if this motion is denied. The Receiver only asks the Court to restrain Billings's and McHenry's ability to transfer, sell, encumber, or otherwise devalue assets, and assets traceable to assets, that they received from Adams and Madison Timber. These assets do not belong to Billings and McHenry, but instead to the receivership estate.

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WHEREFORE, the Receiver respectfully asks that after due proceedings, including an expedited hearing, as necessary, the Court grant her motion and enter an order restraining Billings and McHenry from dissipating assets in their possession that are directly traceable to the Madison Timber Ponzi scheme pending the litigation of the Receiver's claims.

October 17, 2018

Respectfully submitted,

*/s/ LaToya T. Jeter*

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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.

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

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Date: October 17, 2018

/s/ LaToya T. Jeter

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