

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ARTHUR LAMAR ADAMS AND
MADISON TIMBER PROPERTIES, LLC,

Defendants.

Case No. 3:18-cv-252

Hon. Carlton W. Reeves, District Judge

Hon. F. Keith Ball, Magistrate Judge

ORDER APPROVING SETTLEMENT

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

The motion asks the Court to approve the Receiver’s Settlement Agreement with the University of Mississippi’s Ole Miss Athletic Foundation (the “Foundation”). After consideration, the Court finds that settlement with the Foundation on the proposed terms without litigation is in the Receivership Estate’s best interests. The Court thus **GRANTS** the Receiver’s motion.

BACKGROUND

The Receiver’s duties

The Receiver has a duty “to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership

Estate”¹ 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.”²

Immediately following her appointment, the Receiver and her counsel began investigating claims against potential defendants who may be in possession of assets of the Receivership Estate, including against individuals and entities who received cash contributions for no consideration from Lamar Adams or Madison Timber. After an accounting, the Receiver determined that the Foundation had received cash donations from Mr. Adams totaling \$402,100.

The Foundation’s contributions from Lamar Adams

The Foundation is the fundraising arm of Ole Miss Athletics. The Receiver does not allege that the Foundation was involved in any wrongdoing associated with the Madison Timber Ponzi scheme; the Foundation only received donations from Lamar Adams for which it gave no consideration. The Foundation asserts that Mr. Adams received tangible benefits including goods and services such as football tickets for his donations. The Receiver has reviewed tax statements from the Foundation and represents to the Court that the Foundation valued those tangible benefits at around \$58,831.

The Receiver’s potential claims

It is the Receiver’s position that the donations the Foundation received for which it did not provide any tangible benefits to Mr. Adams are voidable fraudulent transfers because no reasonably equivalent value was provided for the transfers. *See Janvey v. Democratic Senatorial*

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

² Docket No. 33, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-00252 (S.D. Miss). By order dated August 22, 2018, the Court eliminated the requirement that the Receiver obtain “prior approval of this Court upon ex parte request” before bringing any legal action. Docket No. 38, Securities & Exchange Commission vs. Adams, et al., No. 3:18-cv-00252 (S.D. Miss).

Campaign Committee, 793 F. Supp. 2d 825, 857-58 (N.D. Tex. 2011) (granting summary judgment on fraudulent transfer claims to recover contributions to political campaigns).

The Receiver and the Foundation have agreed to resolve the Receivership Estate's claims to that money without litigation. The Foundation shall return to the Receivership Estate \$310,169, which reflects the total value of contributions it received less the value of tangible benefits received by Mr. Adams, less a \$33,100 credit for funds already returned to the Receivership Estate. In turn, the Receiver shall release all claims the Receivership Estate has or may have against the Foundation.

ORDER

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

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

1. The terms used in this Order Approving Settlement that are defined in the Settlement Agreement between the Receiver and the Foundation, unless expressly otherwise defined herein, shall have the same meaning as in the Settlement Agreement.
2. This Court has jurisdiction over the subject matter of this action, and the Receiver is a proper party to seek entry of this Order Approving Settlement.
3. The Settlement Agreement followed meaningful, informed, arm's length negotiations between the Receiver and the Foundation, both represented by highly capable counsel.
4. The parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

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

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

7. The Foundation shall deliver or cause to be delivered the Settlement Payment in accordance with the terms of the Settlement Agreement.

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

SO ORDERED, this the 29th day of January, 2019.

s/ CARLTON W. REEVES
United States District Judge