

## SETTLEMENT AGREEMENT

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

### RECITALS

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

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

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

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

---

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

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

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

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

### DEFINITIONS

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

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

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

3. The “Settlement Payment” shall mean the sum of \$4,000,000.00.

### AGREEMENT

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

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

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

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

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

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

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

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

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

- a. The Institution fails to timely deliver the Settlement Payment to the Receiver.
- b. The Institution breaches or otherwise fails perform any of the covenants, representations and warranties made by them in or other obligations imposed upon them by this Agreement.

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

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

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

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

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

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

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

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

a. If to the Receiver:

Alysson Mills  
Fishman Haygood, LLP  
201 St. Charles Avenue, Suite 4600  
New Orleans, Louisiana 70170  
[amills@fishmanhaygood.com](mailto:amills@fishmanhaygood.com)

With a copy to:

Brent B. Barriere  
Fishman Haygood, LLP  
201 St. Charles Avenue, Suite 4600  
New Orleans, Louisiana 70170  
[bbarriere@fishmanhaygood.com](mailto:bbarriere@fishmanhaygood.com)

b. If to the Institution:

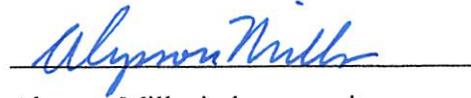
Russell S. Bennett, President & CEO  
First National Bank of Clarksdale  
Post Office Box 220  
402 East Second Street  
Clarksdale, Mississippi 38614  
[rbennett@fnbclarksdale.com](mailto:rbennett@fnbclarksdale.com)

With a copy to:

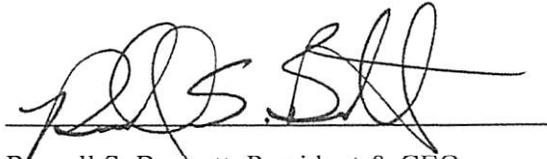
Cliston V. "Doc" Bodine, III  
Gerrish Smith Tuck  
700 Colonial Road, Suite 200  
Memphis, Tennessee 38117  
[dbodine@gerrish.com](mailto:dbodine@gerrish.com)

[Signatures on Following Page]

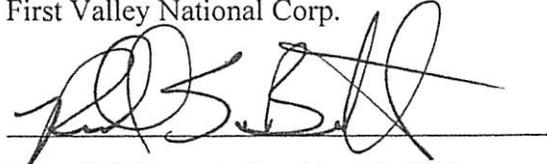
Dated the day first above written.



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



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



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