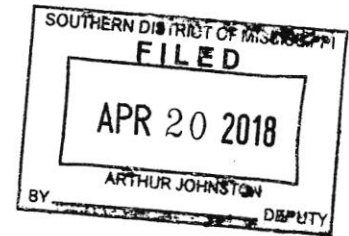


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION



SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ARTHUR LAMAR ADAMS AND
MADISON TIMBER PROPERTIES, LLC,

Defendants,

Case No. 3:18-cv-252-DPJ FKB

JURY DEMAND

COMPLAINT

Plaintiff, Securities and Exchange Commission (the "Commission"), files its complaint and alleges that:

SUMMARY

1. Beginning in approximately 2004, Defendant Arthur Lamar Adams ("Adams"), through his wholly-owned company, Madison Timber Properties, LLC ("MT Properties"), committed securities fraud by operating a Ponzi scheme. Adams and MT Properties have raised at least \$85 million from over 150 investors in multiple states.

2. Adams told investors that their money would be used by MT Properties to acquire timber-harvesting rights from various land owners on behalf of investors. The company allegedly would later harvest the timber and pay investors with the profits. In fact, Adams operated the venture as a Ponzi scheme, paying earlier investors with funds obtained from newer investors. He also used invested funds for a variety of inappropriate ends, including personal expenses and to fund real estate investments.

3. By the conduct detailed in this Complaint, Adams and MT Properties violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder. Unless enjoined, Adams and MT Properties are likely to commit such violations again in the future.

4. The Commission seeks a judgment from the Court: (a) freezing defendants’ assets pending final adjudication of the Commission’s claims; (b) finding that Adams and MT Properties violated the antifraud provisions of the federal securities laws; (c) enjoining Adams and MT Properties from engaging in future violations of the antifraud provisions of the federal securities laws; (d) ordering Adams and MT Properties to disgorge his ill-gotten gains described herein, with prejudgment interest; and (e) ordering Adams and MT Properties to

pay a civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Section 21(d) the Exchange Act [15 U.S.C. § 78u(d)].

6. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

7. Adams and MT Properties, directly or indirectly, used the means or instruments of interstate commerce, the mails, or the facilities of a national securities exchange in connection with the acts described herein.

8. Venue is proper under Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa] and 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims made herein occurred in the Southern District of Mississippi. In addition, Adams resides in, and MT Properties has its principal place of business in, Madison MS, which is within the Southern District.

DEFENDANTS

9. **Arthur Lamar Adams**, age 58, lives in Madison, Mississippi. He is the founder and president of MT Properties.

10. **Madison Timber Properties, LLC** is a Mississippi limited liability company that has its principal place of business in Madison, Mississippi. It is wholly-owned by Adams.

STATEMENT OF FACTS

11. MT Properties purports to be a timber harvesting company.

12. Starting in at least 2004, Defendants began raising funds through the sale of promissory note investments. The sale of these promissory notes has continued until April 19, 2018.

13. In general, the promissory notes are for a one-year period and offer an annual return of 12%-15%, which is paid back over the course of the year. At the end of the year, investors can either have their principle returned or rolled over into a new investment.

14. When soliciting investors, Defendants told investors that MT Properties would use the funds to secure and harvest timber from specific tracts of land that owned by third parties. The tracts of land were usually located in Alabama, Florida, or Mississippi.