

*Electronically Filed*

COMMONWEALTH OF KENTUCKY  
FAYETTE CIRCUIT COURT  
FOURTH DIVISION  
CIVIL ACTION NO. 20-CI-00332

HAYNES PROPERTIES, LLC,  
MITCH AND SCOTT HAYNES DBA  
ALVIN HAYNES & SONS AND  
S&GF MANAGEMENT, LLC  
ON BEHALF OF THEMSELVES AND ALL  
OTHERS SIMILARLY SITUATED

PLAINTIFFS

v.

**AMENDED FINAL STATUS REPORT FROM  
BTGCA/DISSOLUTION COMMITTEE  
ON FISCAL YEAR ENDING 9/30/2023**

BURLEY TOBACCO GROWERS COOPERATIVE  
ASSOCIATION

DEFENDANT

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The Burley Tobacco Growers Cooperative Association (“BTGCA”), by counsel, and its Dissolution Committee file this Amended Final Status Report on its finances and winding-up activities conducted during its October 1, 2022 – September 30, 2023 fiscal year. This amends and restates the Final Status Report filed October 31, 2023.

1. Liquidation of all of the assets of BTGCA was completed during this fiscal year.
2. Prior to September 30, 2023, all bank accounts of BTGCA were closed and funds were transferred out of its name: (a) the Traditional Bank fully-insured Partial Distribution account balance of \$1,438,273.78 was transferred into the Angeion Qualified Settlement Trust Account, pending Order for a Third and Final Distribution to Settlement Class Members; (b) the Traditional Bank fully-insured Burley and Dark Tobacco account (not an asset of BTGCA for purposes of the

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Class Action Settlement) was divided in accordance with Court Order, and \$347,289.13 was distributed to Burley and Dark Tobacco Producer Association, Inc.<sup>1</sup> and \$863,404.55 was transferred to Angeion as Settlement Agent, which made distribution on October 26, 2023 to the 1,881 Class Members who claimed their shares thereof; and (c) \$29,873.67 was transferred from Wells Fargo Bank into the Sturgill Turner IOLTA account, to be held pending further Orders of this Court. Four MetLife dividend checks totaling \$712.40 then were deposited in the Sturgill Turner IOLTA account, bringing this account balance to \$30,586.05 at September 30, 2023. [On November 8, 2023, the Court approved payment of invoices for professional fees for accounting, tax and legal services through September 30, 2023 from this account, totaling \$9,348.01.]

3. Articles of Dissolution were filed with the Kentucky Secretary of State April 7, 2023.

4. A Legal Notice to unknown creditors was published in the Lexington-Herald Leader on October 29, 2023 in accordance with KRS 271B.14-070 (copy attached as **Exhibit A**).

5. Federal and state corporate income tax returns for BTGCA for its fiscal year ending September 30, 2022 have been filed with the taxing authorities. No tax was owed to either the Internal Revenue Service or Kentucky after application of net loss carryover. Copies of those tax returns were furnished to Class Counsel, counsel for Named Plaintiffs, and members of the Dissolution Committee (as well as to Chambers).

6. Financial statements (unaudited) for BTGCA's fiscal year ending September 30, 2023 were provided by its regular CPA, Chuck Hord, and copies were distributed to Class Counsel,

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<sup>1</sup> Counsel for BTGCA has received a copy of the August 19, 2023 IRS letter determination of exemption under Section 501(c)(6) obtained by Burley and Dark Tobacco Producer Association, Inc., validating that it is a proper agricultural-related exempt non-profit organization eligible to receive the grant specified from BTGCA by prior vote of its Board of Directors and allowed by the Class Action Settlement as modified and approved by the Court's Amended Opinion and Order dated July 28, 2021 and later Orders.

counsel for Named Plaintiffs, the Dissolution Committee, and a true copy is being provided with this final Status Report as attached **Exhibit B**.

7. General Ledgers showing all past financial transaction reports for 2020-2022 fiscal years were provided to Class Counsel, counsel for Named Plaintiffs and to Chambers several weeks ago, and all counsel have discussed same. We have not seen any excessive compensation to or conflict of interest transactions with BTGCA insiders (former directors, officers, or Dissolution Committee members).

8. Counsel for BTGCA, counsel for Named Plaintiffs, Class Counsel and counsel for Objector Roger Quarles are conferring and consulting tax practitioners whether federal tax laws applicable to BTGCA would permit it to pass through to Settlement Class Members or former patronage members of BTGCA from Crop years 2015-2019 anticipated unused net operating loss BTGCA will have on its books following the filing of its final federal income tax return for the fiscal year ending September 30, 2023. They will present their findings and recommendation, or respective positions, to the Court.

9. BGTC A is named as a nominal Appellee in the Appeal filed by Objectors Roger Quarles, *et al.*, in the Kentucky Court of Appeals, seeking payment of the legal fee claim of W. H. Graddy & Associates in the amount of slightly over \$99,000 out of the separate Fund referenced in paragraph 2(b) above, now distributed to the 1,881 claiming Class Members since no supersedeas bond was posted. This appeal should have no impact on the desired Third and Final Distribution of the net assets of BTGCA now being held in the Angeion QSFT account, likely to occur in the first quarter of 2024.

10. All BTGCA records are in the custody of Sturgill Turner law firm, with the bulk of the hard files stored at Vital Records Control in Lexington, Kentucky on a pre-paid basis.

Destruction is contemplated after three (3) years, to see if any unanticipated creditor claim or tax notice is received. No tax will be due on the final income tax returns for BTGCA for its September 30, 2023 fiscal year end because of the net operating loss carryforward still available to offset taxable income.

11. A separate proposed Statutory Report of Dissolution Committee under KRS 272.325 has been drafted and will be considered by the full Dissolution Committee, and presented to the Court for approval. That report is to be filed with the Kentucky Secretary of State, the Kentucky Commissioner of Agriculture and the Dean of the College of Agriculture at the University of Kentucky. When that is done and the final tax returns are filed, the legal winding-up process be complete, and all functions of the Dissolution Committee will have been fulfilled.

12. Undersigned counsel suggests it would be appropriate for the Court to consider some payment of modest compensation to the Dissolution Committee for their unpaid services during 2022-23, as they have continued to receive a number of emails and telephone calls from counsel for the parties and Class Counsel during the past year. In particular, Al Pedigo and Penny Greathouse as Co-Liquidating Officers have expended a good deal of time in travel, telephone and email correspondence to conduct banking activities at Traditional Bank and Wells Fargo Bank in Tennessee, respectively, in fulfillment of various Orders of the Court, to transfer funds when authorized by the Court to Class Counsel, Angeion, Burley & Dark Tobacco Producer Association, Inc. and McBrayer, and to review monthly financial reports from Chuck Hord, CPA. Mr. Pedigo also reviewed and signed the 2020-21 and 2021-22 tax returns, not an insignificant responsibility.

WHEREFORE, BTGCA and its Dissolution Committee pray the Court to accept this as their final report on 2022-2023 fiscal year winding-up activities.

Dated: December 8, 2023.

Respectfully Submitted,

/s/ Kevin G. Henry

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Sons and S&GF Management, LLC and BTGCA  
Dissolution Committee Members, Penny  
Greathouse, Mitch Haynes and Scott Haynes*

**CERTIFICATE OF SERVICE**

I hereby certify that on December 8, 2023, the foregoing document was electronically filed with the Clerk of this Court using the e-filing system and served electronically by the Clerk of this Court upon the following:

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Courtesy Copies via email to:

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All Dissolution Committee Members

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