

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
LITTLE ROCK DIVISION**

MEGYN ELIZABETH BELL

PLAINTIFF

v.

CASE NO. 4:10CV01641 BSM

**WILLIS D. “TRIPPER” CRONKHITE, III,
as Trustee of the Megyn Elizabeth Bell Trust, and
UNITED STATES OF AMERICA**

DEFENDANTS

ORDER

Defendant Willis D. “Tripper” Cronkhite, III moves to interplead certain funds held in trust. [Doc. No. 2]. For the reasons set forth below, that motion is granted in part and denied in part.

Melvyn L. Bell, deceased, was the father of plaintiff Megyn Elizabeth Bell. It appears that sometime between 1995 and 1998, Mr. Bell established the Megyn Elizabeth Bell Trust (the “Trust”), an irrevocable trust under Arkansas law. Cronkhite has served as the trustee of the Trust since that time. Prior to and contemporaneous with the creation of the Trust, Mr. Bell was allegedly engaged in several income tax controversies with the Internal Revenue Service concerning bad-debt deductions taken in 1988. By 1998, Mr. Bell appears to have owed more than \$1,000,000 in unpaid federal income taxes.

The United States alleges that the Trust was an artifice created to evade tax collection and that Cronkhite has neglected to perform his fiduciary functions as trustee. It further alleges that Cronkhite has abetted Mr. Bell in his scheme to defraud the United States government. At present, the United States maintains that it is owed approximately

\$4,300,000 in connection with Mr. Bell's unpaid taxes.

On September 1, 2009, Ms. Bell filed a complaint in the Circuit Court of Pulaski County, Arkansas (Case No. CV-09-5995, III) against Cronkhite demanding an accounting of the trust. On January 20, 2010, the circuit court ordered the Trust to provide Ms. Bell with a full accounting within thirty days. It is not clear whether Cronkhite has done so. On September 28, 2010, Cronkhite filed a petition for interpleader seeking to pay all of the Trust's liquid assets into the court's registry (estimated to be \$50,000) and to be relieved of all further responsibility for the funds. It appears that the sum of \$55,844.52 was actually placed in the state court's registry, representing the total of all the liquid assets in the trust.

Cronkhite's petition for interpleader was served upon the United States Attorney for the Eastern District of Arkansas on October 12, 2010, and the United States timely removed the action to federal court pursuant to 28 U.S.C. §§ 1442(a) and 1444 on November 11, 2010. After careful consideration of the petition and the answer filed by the United States, the petition for interpleader is granted in part and denied in part. To the extent that Cronkhite has already paid out \$55,844.52 into the registry of the state court, those funds will be transferred to this court's registry and held in an interest-bearing account pending the outcome of this litigation. Cronkhite's request to be preemptively discharged from any further liability in connection with the Trust, however, is denied. Accordingly, he shall remain a defendant in this action and is hereby directed to provide an update on the status of the accounting ordered by the state court in January 2010.

IT IS SO ORDERED this 23rd day of December, 2010.


UNITED STATES DISTRICT JUDGE