



Department of Justice

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Western District of Kentucky**

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**TWO DYERSBURG, TENNESSEE BUSINESS MEN SENTENCED TO
IMPRISONMENT FOR FRAUD AND MONEY LAUNDERING CHARGES**

PADUCAH, KY - Lloyd Aaron Smith, age 62, of Dyersburg, Tennessee, in Dyer County, and Neal Gordon Wall, age 66, of Newbern, Tennessee, were sentenced to 2 years and 6 months imprisonment and 2 years and 3 months respectively for bank fraud, mail fraud, and money laundering charges related to the misuse of loan proceeds obtained from the Citizens Bank of Hickman, Kentucky and the Tennessee Valley Authority, to which charges both defendants pled guilty, Acting U.S. Attorney Candace G. Hill of the Western District of Kentucky and Richard Moore, Tennessee Valley Authority Inspector General, announced today. The loans restricted the use of the proceeds to expenditures related to the operation of a textile plant in Hickman, Kentucky that Smith and Wall opened.

In September 2003, Smith and Wall obtained a \$5 million loan from Citizens Bank, the proceeds of which were to be used strictly for the operation of the textile plant, Hickman Mills. Despite that limitation, Smith and Wall admitted to expending approximately \$134,000 of the loan proceeds to pay off a debt owed by an unrelated business venture. This expenditure of funds was facilitated by the defendants causing

fraudulent invoices to be issued to the company, Hickman Mills, which further caused checks to be issued on behalf of those invoices. The funds from those checks were thereafter used to pay off a business loan on which Smith and Wall were personally obligated.

Smith and Wall also admitted to defrauding the Tennessee Valley Authority in November 2003, by obtaining a \$500,000 loan from the agency upon representation that the loan proceeds would be used to buy equipment for the Hickman Mills plant. Despite that representation, the defendants used the loan proceeds to pay off an overdraft that existed in an unrelated business account.

In addition to the fraud charges described above, Smith and Wall also pled guilty to conducting nine illegal money laundering transactions with the ill-gotten proceeds of the Citizens Bank loan to Hickman Mills. These illegal transactions included the deposit and withdrawal of checks issued from the Hickman Mills account as payment on the fraudulent invoices Smith and Wall caused to have been issued to the company.

Smith was sentenced to 2 years and 6 months imprisonment, followed by 3 years of supervised release. Wall was sentenced to 2 years and 3 months imprisonment followed by 3 years of supervised release. Both defendants were ordered to pay restitution in the amount of \$4,104,562.51 to Citizens Bank of Hickman, Kentucky, and \$420,733.37 to Tennessee Valley Authority.

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