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BUSINESS OWNERS SENTENCED FOR BANKRUPTCY FRAUD
More Than $100,000 in Bankruptcy Assets Hidden and Diverted

ALEXANDRIA, La. – James Kenneth Hudnall, 66, of Natchitoches, La., and Margaret Perkins Hudnall, 63, of Pineville, La., were sentenced today for conspiracy to commit bankruptcy fraud, United States Attorney Stephanie A. Finley announced. James Kenneth Hudnall was sentenced to 24 months, followed by 3 years of supervised release upon completion of his prison term. Margaret Hudnall was sentenced to 6 months, followed by 3 years of supervised release. U. S. District Judge Donald E. Walter also ordered the Hudnalls to pay $52,382.20 in restitution.

After initiating bankruptcy proceedings for themselves and two businesses, Marco Development, LLC and Kenco, LLC, the Hudnalls received $102,382.20 from a business transaction. This money was divided between Mr. and Mrs. Hudnall instead of being deposited into a bankruptcy court established debtor-in-possession account. James Hudnalls' half of the money was deposited into a non-debtor-in-possession business account controlled by Mr. Hudnall. Margaret Hudnalls' half of the money was diverted to a business account controlled by a family member. After this was detected, the trustee of Margaret Hudnall's bankruptcy estate recovered $50,000 from this family member controlled business through litigation. The remainder was not been recovered and the Hudnalls were ordered to pay $52,382.20 in restitution to the bankruptcy court trustees.

The case was investigated by the Federal Bureau of Investigation, Alexandria Resident Agency, the United States Trustee's Office, and prosecuted by Assistant United States Attorney Robert W. Gillespie, Jr.

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