



U. S. Department of Justice
United States Attorney's Office
Southern District of Mississippi

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FOR IMMEDIATE RELEASE
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FORMER FINANCE COMPANY PRESIDENT SENTENCED IN BANK FRAUD SCHEME

Jackson, Mississippi - U.S. Attorney Dunn Lampton announced today that HUBERT L. "Pete" YOUNG, former president of Franklin County Financial Services, a finance company in Meadville, MS, was sentenced on Wednesday, June 25, 2008, by U.S. District Judge Daniel P. Jordan, III, in relation to three separate bank fraud schemes to defraud Bank of Franklin and its finance company, Franklin County Financial Services, in addition to charges arising from the fraudulent use of another's social security number. Young was sentenced to serve 46 months in federal prison followed by 5 years of supervised release. He was ordered to pay \$145,142.37 in restitution.

In December 2007, Young was indicted by a federal grand jury with co-conspirators Karen Laird, Rebecca Lynn Caldwell, and Patricia Alesich Smith in three separate schemes to defraud both Bank of Franklin and Franklin County Financial Services, a finance company wholly owned by the Bank of Franklin, in connection with fraudulent finance company loans Young gave to each of the women, depriving both entities of Young's honest services as president of the finance company.

According to the charging documents filed in each case, from June 1995 through

September 2003, Young gave approximately 38 fraudulent Franklin County Financial Services loans to Rebecca Lynn Caldwell totaling over \$45,000.00. Young altered finance company records and reports to Bank of Franklin to conceal Caldwell's non-payment of her loans, and disbursed additional unauthorized proceeds to Caldwell without securing repayment obligations. Young and Caldwell also fraudulently used false social security numbers to conceal Caldwell's true identity on subsequent loan applications and documents in order to disburse loans to her for which she would not have otherwise qualified. To deceive Bank of Franklin regarding the number of fraudulent loans Young made to Caldwell, the loans were made in the names of Rebecca Todd, Lynn Logan, Rebecca Cowan, Rebecca Caldwell, using social security numbers not belonging to Caldwell. Thereafter, Young manipulated the delinquent loans due dates within the finance company's computer system, preventing Caldwell's delinquent loans from appearing on past-due reports and then transposed the information from the altered past-due reports to the finance company's operations and financial status reports provided to Bank of Franklin.

Using the same methods to execute a similar, but separate, scheme from October 1996, through September 2003, Young gave approximately 35 fraudulent Franklin County Financial Services loans to Patricia Alesich Smith totaling approximately \$51,384.00. Also, Young assisted Karen Laird, the former secretary of the finance company, in obtaining fraudulent nominee loans totaling over \$6,000.00.

Young, Caldwell, Smith, and Laird pleaded guilty to all charges on February 4, 2008. On April 28, 2008, Rebecca Lynn Caldwell was sentenced to serve 11 months in federal prison followed by 5 years of supervised release and was ordered to pay \$45,290.22 in restitution; Patricia Alesich Smith was sentenced to serve 10 months in federal prison followed by 5 years of supervised release and was ordered to pay \$51,384.00 in restitution; Karen Laird was sentenced

to serve one month of house arrest and 4 years supervised release and was ordered to pay \$7,493 in restitution.

The prosecutions of Young, Laird, Caldwell and Smith were handled by Assistant United States Attorney Carla J. Clark, and federal agents from the Federal Deposit Insurance Corporation - Office of the Inspector General and the Social Security Administration - Office of the Inspector General.

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