

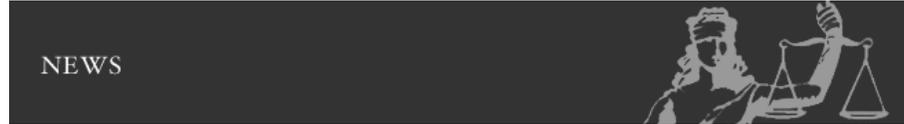


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MIDDLE DISTRICT of TENNESSEE

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CROSSVILLE MAN SENTENCED TO EIGHT YEARS IN PRISON ON TAX CHARGES

FOR IMMEDIATE RELEASE

July 22, 2011

Years of Lavish Lifestyle Comes to Abrupt End

Luther T. Smith, 63, of Crossville, Tennessee, was sentenced yesterday by U.S. District Judge William J. Haynes, Jr., to serve 96 months in prison, followed by three years of supervised release, announced Jerry E. Martin, U.S. Attorney for the Middle District of Tennessee, and John A. DiCicco, Principal Deputy Assistant Attorney General, Department of Justice – Tax Division. Judge Haynes also ordered Smith to pay restitution to the IRS in the amount of \$276,668.00 and to reimburse the government for the cost of prosecution in the amount of \$4,685.96.

On January 19, 2011, after a week-long trial, a federal jury in Nashville, Tennessee found Smith guilty of two counts of income tax evasion and one count of filing a false income tax return with the IRS.

Evidence at trial revealed that Smith, an independent life insurance agent, failed to report income received during 2001, 2002 and 2003. During this time, Smith was living a lavish lifestyle, purchasing property on Franklin Road in Franklin, Tennessee, renting two apartments in Nashville, paying in excess of \$107,000.00 for decorations and furnishings and purchasing appliances, electronics, furniture and fine jewelry, including a Rolex watch. Smith also paid for cruises for friends and family members.

During the sentencing hearing yesterday, evidence presented also revealed that Smith, as a licensed insurance agent, was engaged in an illegal rebating scheme, in which a portion of the agent's commission was returned back to the insurance policy holder. Smith's insurance license was revoked by the State of Tennessee Department of Commerce and Insurance in January, 2011. The government also noted that Smith's conduct had been on-going for almost 10 years and that he had not been paying his fair share of taxes as all U.S. Citizens are required to do.

In determining Smith's sentence, Judge Haynes applied enhancements for obstruction of justice, for using sophisticated means to commit the offense and for failing to report to the IRS more than \$10,000 of income from criminal activity. Smith was taken into custody at the conclusion of the hearing to begin serving his sentence.

The investigation was conducted by IRS Criminal Investigation. Assistant U.S. Attorney Darryl A. Stewart and DOJ-Tax Division Trial Attorney Kathryn Ward represented the government.

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