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## **FEDERAL JURY CONVICTS BOSSIER BUSINESSMAN OF BANK FRAUD AND BANKRUPTCY FRAUD**

### *More than \$158,000 in Bankruptcy Assets Concealed*

**Shreveport, La.** . . . William R. Hayes, 62, of Bossier City, Louisiana, owner of Fire Security Systems, Inc., was convicted by a federal jury of defrauding the First Louisiana Bank, and later committing bankruptcy fraud by submitting false statements regarding his business and the income from his business, United States Attorney Donald W. Washington announced today.

After two and a half days of trial and two hours of deliberation, the jury returned a guilty verdict against Hayes for one count of bank fraud and four counts of bankruptcy fraud.

According to court testimony, Hayes filed for voluntary Chapter 7 bankruptcy on February 17, 2004. As part of his bankruptcy, Hayes submitted a statement of financial affairs which contained material false statements and declarations, despite having signed the statement under penalty of perjury. Hayes reported that he had no interest in any business when in fact he was the founder and owner of Fire Security Systems, Inc., a commercial fire sprinkler company, and had invested at least \$100,000 in a successor commercial fire sprinkler company, Royal Supply, Inc. Hayes also failed to disclose income and property transfers made during the relevant period as

required.

First Louisiana Bank objected to the bankruptcy discharge when it learned that Hayes had fraudulently used or spent the \$158,000 in proceeds from an accounts receivable which he had previously pledged to the bank as collateral for a loan. Hayes' Chapter 7 bankruptcy discharge was eventually denied at the conclusion of the bankruptcy proceedings.

Hayes faces up to a maximum of 30 years in prison for bank fraud, and 5 years in prison for each count of bankruptcy fraud, when he is sentenced on March 2, 2010. Hayes also faces a maximum fine of \$250,000 on each count.

U. S. Attorney Donald Washington stated: "The bankruptcy system is intended to provide eligible and honest debtors a fresh financial start. The responsibility of full financial disclosure should not be taken lightly when a debtor is afforded protection under the bankruptcy laws. Bank fraud and bankruptcy fraud are serious felony offenses that can leave significant financial harm through an entire community."

Sentencing in federal court is determined by the discretion of federal judges and the governing statute. Parole has been abolished in the federal system.

This case was investigated by the Federal Bureau of Investigation, assisted by the United States Bankruptcy Trustee's Office, and was prosecuted by Assistant U.S. Attorney Cytheria D. Jernigan.

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