

# Allstate theft case set for trial

By David Flaum  
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David Gwaltney, one of five former Allstate Financial Corp. principals charged with crimes in connection with the firm's 2001 collapse, is scheduled to be tried on those charges this fall.

The trial in Shelby County Criminal Court is set to start Nov. 6 before Judge W. Otis Higgs Jr.

Gwaltney, founder and employee of the company, faces six counts of theft of property of more than \$60,000.

Four others indicted on similar charges -- Gwaltney's wife, Loretta Gwaltney, owner of Allstate; David Downen, former president of the company; Lawrence Morice, former chief executive officer, and Mark Talley, former lawyer for the company -- had their cases delayed until Nov. 14.

"They're going to try his (David Gwaltney's) case first, then decide what to do with the other cases," said James Garts, the Gwaltneys' lawyer. "It's fine with me. It will make for a shorter trial."

He estimated the trial will take a week to a week and a half. There has been no talk of a plea bargain, Garts said.

"David Gwaltney and I are looking forward to the trial," he said. "We're very optimistic about the outcome."

Missy Branham, prosecutor in the case, could not be reached Friday.

David Gwaltney, Morice and Downen face criminal charges in Alabama.

The charges in both states involve investment sold to more than 90 people in the late 1990s and early 2000s. Allstate stopped paying promised interest on those investments in 2001 and was forced into bankruptcy in April 2002 by three of the investors.

In 2004, bankruptcy trustee Richard T. Doughtie III sued the Gwaltneys, Downen, his wife Clara Downen, Allstate employees William Ryan and Shawn Ryan and Shawn Ryan's wife Elizabeth Ryan, to get back \$4.3 million they took from the company to repay creditors. That was about a third of the money raised from investors.

Discovery is going ahead in the bankruptcy case, said Michael Coury, lawyer for Doughtie.

A trial on the bankruptcy suit is not likely until after the criminal cases conclude, he said.

Allstate has no connection to the insurance and financial services giant with the same name.

-- David Flaum: 529-2330