



Department of Justice

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FOR IMMEDIATE RELEASE
FRIDAY, MARCH 27, 2009
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**FORMER NATIONAL CENTURY FINANCIAL ENTERPRISES CEO SENTENCED TO
30 YEARS IN PRISON, CO-OWNER SENTENCED TO 25 YEARS IN PRISON, FOR
CONSPIRACY, FRAUD AND MONEY LAUNDERING**

Defendants order to pay restitution of \$2.3 billion and forfeit \$1.7 billion

COLUMBUS – Two former National Century Financial Enterprises (NCFE) executives and co-owners were sentenced in United States District Court here today for their roles in creating and maintaining a \$2.8 billion fraud scheme that led to the company's collapse. NCFE, based in Dublin, Ohio, was one of the largest healthcare finance companies in the United States until it filed for bankruptcy in November 2002.

Lance K. Poulsen, 65, former president, owner and chief executive officer of NCFE was sentenced to 30 years imprisonment. A jury convicted Poulsen on October 31, 2008 of conspiracy, securities fraud, wire fraud, and money laundering. Poulsen was found guilty by a separate federal jury on March 26, 2008, of conspiring to interfere with a witness who was preparing to testify in the fraud trial against Poulsen and other NCFE executives. Poulsen is currently serving a 10-year prison sentence for that conviction. The court ordered Poulsen's 30-year sentence to be served concurrently with the sentence for witness tampering.

Rebecca S. Parrett, 60, former vice chairman, secretary, treasurer, director and owner, was sentenced to 25 years imprisonment. A jury convicted her on March 13, 2008 of conspiracy, securities fraud, wire fraud and money laundering conspiracy. Parrett fled after the conviction and remains at large.

Acting Assistant Attorney General Rita M. Glavin, Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation Cincinnati (FBI), announced the sentences handed down today by U.S. District Judge Algenon L. Marbley.

Judge Marbley also ordered Poulsen and Parrett to forfeit \$1.7 billion of property representing the proceeds of the conspiracy and to pay restitution of \$2.3 billion, jointly and severally with other defendants.

"Corporate executives who violate the law, as well as investors' trust, can and will be held accountable for their illegal actions," said Acting Assistant Attorney General Rita M. Glavin. "The Department of Justice will continue to seek appropriate punishment, including jail time, for individuals who participate in financial frauds to the detriment of the investing public."

"Evidence showed that Poulsen knew the business model NCFE presented to the investing public differed drastically from the way NCFE did business within its own walls,"

Lockhart said. “Their actions were designed to hide a financial house of cards from investors, eventually costing investors more than \$2 billion.”

“When corporate officers elect to betray the public’s trust for personal gain, the very core of how and why our corporate system operates is immediately and negatively impacted,” Special Agent in Charge of the Internal Revenue Service’s Criminal Investigation Division Jose A. Gonzalez said. “As signified by today’s NCFE sentences, the IRS gives priority to investigations involving the alleged breach of the public trust by corporate officials at any level.”

FBI Cincinnati Special Agent in Charge Keith L. Bennett noted the significant sentences imposed on both Poulsen and Parrett. “This should serve as a warning to those who might be tempted to manipulate the complexities of our financial systems to defraud others. The FBI stands ready to root out those who would do so, bring them to the judicial system and ensure they lose both their ill-gotten wealth and their freedom.”

Witnesses testified at both trials that Poulsen, Parrett and other NCFE executives engaged in a scheme from 1995 until the collapse of the company to deceive investors and rating agencies about the company’s financial health and how investors’ money would be used. NCFE provided financing for health care providers by buying accounts receivable from the providers with money NCFE obtained through the sale of asset-backed notes to institutional investors, including pension funds, insurance companies and churches. In court, the judge noted that 275 healthcare providers filed bankruptcy in whole or in part because of NCFE’s collapse.

Evidence at both trials showed that NCFE executives misused investors' money and made unsecured loans to health care providers, including those owned in whole or in part by Poulsen, Parrett and another NCFE owner, Donald H. Ayers. Former employees testified that Poulsen, Parrett, and other NCFE executives covered up the fraud by lying to investors and rating agencies. The government presented evidence that Poulsen and others created investor reports containing fabricated data and moved money back and forth between programs in order to make it appear that NCFE was in compliance with its own governing documents.

Ten NCFE executives were convicted or pleaded guilty in connection with the fraud. In addition to Poulsen and Parrett, juries convicted:

Ayers, NCFE vice chairman, chief operating officer, director and owner, was convicted of conspiracy, securities fraud, and money laundering conspiracy. Ayers, age 72, was sentenced August 6, 2008 to 15 years imprisonment.

Chief Financial Officer Randolph H. Speer, 58, was convicted of conspiracy, securities fraud, wire fraud, money laundering conspiracy, and concealment money laundering. Speer was sentenced August 6, 2008 to 12 years imprisonment.

Roger S. Faulkenberry, 47, vice president for client development, was sentenced August 7, 2008 to ten years imprisonment for conspiracy, securities fraud, wire fraud, money laundering conspiracy and concealment money laundering.

Chief credit officer James E. Dierker, 41, was sentenced August 7, 2008 to five years imprisonment following his conviction of conspiracy, money laundering conspiracy, and concealment money laundering.

Parrett, Ayers, Speer, Faulkenberry and Dierker were tried together in March, 2008. Poulsen was tried separately in October, 2008. Four other former NCFE executives pleaded guilty in connection with the fraud:

Jon A. Beacham, 42, NCFE’s vice president of securitizations, pleaded guilty in July, 2007 to conspiracy and securities fraud and was sentenced to 24 months imprisonment on February 27, 2009.

Sherry Gibson, 44, served as executive vice president for compliance. Gibson was sentenced to 48 months imprisonment following her August, 2003 plea to one count of securities fraud. Her sentence was reduced after she agreed to testify against Poulsen and the others.

John Allen Snoble, 66, former chief financial officer, vice president, and controller, was sentenced on September 8, 2006 to 48 months imprisonment after pleading guilty in November 2004 to money laundering conspiracy.

Director of compliance Brian J. Stucke, 44, is awaiting sentencing for his guilty plea in December, 2003 to one count of conspiracy to commit securities fraud.

The cases were prosecuted by the U.S. Attorney's Office for the Southern District of Ohio and the U.S. Department of Justice Criminal Division's Fraud Section. The cases were investigated by FBI Special Agents Matt Daly, Ingrid Schmidt and Tad Morris, IRS Special Agents Greg Ruwe and Mark Bailey, U.S. Postal Inspector Dave Mooney, and Immigration and Customs Enforcement Agent Celeste Koszut. Assistant U.S. Attorney Douglas Squires of the Southern District of Ohio, Fraud Section Assistant Chief Kathleen McGovern and Senior Trial Attorney Wes R. Porter prosecuted Parrett, Ayers, Speer, Faulkenberry and Dierker. Squires, McGovern, and Trial Attorneys N. Nathan Dimock, and former Trial Attorney Leo Wise of the Criminal Division's Fraud Section prosecuted Poulsen. Fraud Section Paralegal Specialists Crystal Curry and Sarah Marberg assisted with these cases.

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