



# NEWS RELEASE

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## **NINE SENTENCED IN ALASKA'S LARGEST MORTGAGE FRAUD INVESTIGATION**

Anchorage, Alaska – United States Attorney Karen L. Loeffler announced that on August 21, 2009, lead defendant Lance Lockard was sentenced to 70 months in prison for his leadership of a large-scale mortgage fraud scheme.

Lockard was the ninth and last defendant to be sentenced for his role in the largest mortgage fraud investigation in Alaska's history. In total, nine individuals and one corporate defendant were convicted and sentenced for their roles in a widespread, three-year long scheme to defraud some 13 mortgage lenders and banks in 57 different loan transactions netting over \$1,700,000 in profits and over \$2.5 million in losses to the financial institutions. United States District Court Judge Ralph Beistline, who presided over the case, sentenced the nine defendants to a total of 14 and ½ years of imprisonment, and imposed fines of over \$90,000 and restitution of over \$2.5 million dollars.

The defendants convicted as a result of the scheme are: Lance Lockard, of Anchorage, age 34, Gary Paterna, of Anchorage, age 62, Charles Carlson, of Anchorage, age 74, Holli Stroud, of Chugiak, age 30, Jonathan Ruf, of Anchorage, age 33, Keith Facer, of Anchorage, age 41, Don Murray, of Anchorage, age 35, Cerise Sanders, of Anchorage, age 31, and Alaska State Mortgage Company, Inc., of Anchorage.

Lockard, a licensed real estate investor and the lead defendant pled to 64 counts and was sentenced to 70 months and ordered to pay 2.5 million in restitution. Lockard also admitted the forfeiture allegation in an additional count, forfeiting his interest in \$116,000 held in an investment account under his name. Charles Carlson, a licensed real estate appraiser, was sentenced on July 11, 2009, to 24 months and to pay restitution of \$2,360,185. Holli Stroud, a title company loan closer, was sentenced on June 25, 2009, to 18 months and to pay restitution of \$403,733.60. Keith Facer, a licensed real estate agent, was sentenced on May 29, 2009, to 16 months and to pay restitution of \$221,065.24. Don Murray, a licensed real estate agent, was sentenced on May 19, 2009, to 21 months and pay restitution of \$493,868.77. Cerise Sanders, a loan originator, was sentenced on May 19, 2009, to 12 months and one day. Jonathan Ruf, was sentenced on May 28, 2009, to 12 months and one day and to pay restitution of \$1,066,390. Gary Paterna. Mr. Lockard's father-in-law, was sentenced on May 18, 2009, to three days in jail and pay restitution of \$1,162,884.86. Alaska State Mortgage, a local mortgage company, was sentenced on May 13, 2009, to a fine of \$91,478.53. The defendants pled to a total of 64 counts charging conspiracy, wire fraud, bank fraud, and false statements to a financial institution.

The pleas and sentencing bring to a close the largest mortgage fraud scheme ever prosecuted in the District of Alaska. The fraud was perpetrated by professionals in all areas of the real estate industry. Between on or about December 23, 2003, and May 31, 2006, Lockard and his co-defendants arranged to purchase and sell real estate in Alaska, and to obtain mortgage loans for the purchase and sale of that real estate, through a series of fraudulent schemes that relied upon false and fraudulent statements, inflated appraisals, falsified down payments, nominee borrowers and purchasers, hidden cash-back payments and other improper practices that concealed the true details of the financial transactions from the mortgage lenders involved. The effect and result of this conduct was to transfer the investment risk from Lockard and the other co-conspirators to the mortgage lenders and to provide inflated profit and fraudulently obtained loan funds to Lockard and the other co-conspirators. The charges in the indictment to which the defendants pled guilty outlined a total of five separate schemes, involving properties in numerous Anchorage subdivisions, and two large undeveloped properties in the Talkeetna area.

According to the indictment, in the first scheme, Lockard, Paterna, his father-in-law, Carlson, the appraiser and Stroud, the loan closer, arranged for fraudulent loan documentation on the purchase of 10 properties. The indictment alleges that Lockard arranged for the simultaneous purchase and sale of the properties using Paterna as a nominee purchaser and that Carlson inflated the appraisals of the properties with Stroud falsifying the closing documents to conceal the fact that no down payments had been made.

The second scheme in the indictment charges that Lockard and Ruf with the aid of Carlson, Stroud and Cerise Sanders, and Alaska State Mortgage Company as loan originators arranged for Ruf, acting as a nominee for Lockard, to purchase 13 separate properties on the same day, with all purchases fraudulently listed as purchases of his primary residence by Sanders and McCready acting for Alaska State Mortgage. According to the indictment, Carlson and Stroud, as in scheme one, inflated the appraisals and falsified loan closing paperwork. The indictment further alleges that the defendants, acting on behalf of Lockard sold the properties obtained through the fraudulent loans listed in schemes one and two to third-party buyers using further inflated appraisals provided by Carlson and illegal cash-back payments to the buyers aided by real estate agents Keith Facer and Don Murray to induce them to purchase the overpriced properties.

The indictment further alleges that Lockard, Stroud, Carlson, Ruf and Paterna engaged in similar fraud involving two other property purchases. It charges that Stroud and Lockard with the aid of an inflated appraisal provided by Carlson, arranged for Stroud to purchase a property with a falsified down payment. It further charges that Lockard, Paterna, Carlson, Stroud and Ruf again used nominees and falsified loan paperwork in a purchase financed by FNBA. Finally, the indictment alleges that Lockard engaged in a "bust out" scheme by purchasing properties with the aid of Paterna, Ruf and Carlson, at inflated prices with the purpose of taking the loan proceeds and defaulting immediately on the loans.

At Friday's sentencing hearing, Judge Beistline concluded that Lockard was an organizer and leader of the criminal activity, that he had fraudulently obtained more than \$1 million in gross proceeds from the First National Bank of Alaska, and that his crimes caused total losses of approximately \$2.5 million dollars. Judge Beistline commented that Mr. Lockard's crimes were motivated by greed and had

an impact on our community. In addition to the financial institutions that were defrauded, one of the individual victims testified at sentencing about his personal financial losses, and his struggles to pay the mortgages on three duplexes he had unwittingly purchased for grossly inflated prices. Judge Besitline admonished that there was “no excuse for lying and deception, and no excuse for breaking the law,” and that Mr. Lockard was going to have to “face the consequences of the very poor choices he made.”

United States Attorney Karen L. Loeffler noted that these convictions and sentences point out the vast harm that can be done to an industry and the public when a handful of dishonest individuals are willing to falsify the documents and information on which the mortgage market relies.

Ms. Loeffler also commended the diligent and extensive investigation by special agents of the Federal Bureau of Investigation for their investigation that led to this result.

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