

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

JUL 19 2006
2006 MAY 19 P 12:50

UNITED STATES OF AMERICA

VS.

Crim No. **2:06 cr 129**
Judge

JUDGE MARBLEY

LANCE K. POULSEN,
(Counts 1-19, 22, 26-48, 51, 52
56, 58, 60)

18 U.S.C. § 371
18 U.S.C. § 77
18 U.S.C. § 1341
18 U.S.C. § 1343
18 U.S.C. § 1956(h)
18 U.S.C. § 1956
18 U.S.C. § 1957
18 U.S.C. § 981
18 U.S.C. § 982
18 U.S.C. § 2
28 U.S.C. § 2461

REBECCA S. PARRETT,
(Counts 1-16, 25, 27-45, 60)

DONALD H. AYERS,
(Counts 1-16, 27-45, 60)

ROGER S. FAULKENBERRY,
(Counts 1-16, 24, 27-38, 53,
57, 60)

RANDOLPH H. SPEER,
(Counts 1, 4-6, 8-20, 27-48, 50, 51
59, 60)

JAMES DIERKER, and
(Counts 1-16, 27-38, 49, 54-55, 60)

JON A. BEACHAM,
(Counts 1-16, 21, 23, 26-38, 60)

DEFENDANTS

INDICTMENT

The Grand Jury charges:

COUNT 1
18 U.S.C. § 371
(Conspiracy)

At all relevant times:

1. From on or about August 14, 1992, to on or about November 18, 2002, in the Southern
District of Ohio and elsewhere, Defendants

**LANCE K. POULSEN (“POULSEN”)
REBECCA S. PARRETT (“PARRETT”)
DONALD H. AYERS (“AYERS”)
ROGER S. FAULKENBERRY (“FAULKENBERRY”)
RANDOLPH H. SPEER (“SPEER”)
JAMES E. DIERKER (“DIERKER”)
and
JON A. BEACHAM (“BEACHAM”),
the Defendants,**

did knowingly and unlawfully conspire, combine, confederate, and agree with each other and others both known and unknown to the Grand Jury to violate statutes of the United States, namely, 18 U.S.C. § 1341 (mail fraud), 18 U.S.C. § 1343 (wire fraud), and 15 U.S.C. §§ 77q(a) and 77x (securities fraud), by, among other things, preparing materially false and fraudulent documents and records, and making materially false and fraudulent representations to banks, rating agencies, investors, auditors and others about National Century Financial Enterprises, Inc. (“National Century” or “NCFE”) and the asset backed securities programs offered and operated by wholly-owned subsidiaries of National Century.

BACKGROUND

2. In or about 1991, Defendants **POULSEN**, **PARRETT** and **AYERS** and at least one other individual founded National Century, an Ohio corporation headquartered in Dublin, Ohio. Until it filed for bankruptcy in November 2002, National Century was one of the largest healthcare finance companies in the United States.

3. During its existence, National Century provided accounts receivable financing to a wide variety of healthcare providers, including hospitals, clinics, nursing homes, and other businesses and professionals providing healthcare services (collectively “providers” or “sellers”). National Century purchased the providers’ accounts receivable, and held back a portion of the purchase amount for

program purposes. This arrangement gave the providers cash earlier than the time they otherwise would have collected on those accounts receivable. Following these purchases, National Century was entitled to receive the cash collections on the purchased accounts receivable from the insurance companies and government payors, such as Medicare and Medicaid.

4. National Century raised the funds to purchase accounts receivable through the offer and sale of healthcare securitization program notes (“program notes” or “notes”) issued by two of its wholly-owned subsidiaries, NPF VI, Inc. (“NPF VI”) and NPF XII, Inc. (“NPF XII”), which had their principal place of business in the Southern District of Ohio.

5. Through entities like NPF VI and NPF XII, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, BEACHAM**, and others would represent to potential investors and others that the funds raised through the note offerings were to be used for a specific purpose, that is, the purchase of the portion of healthcare accounts receivable arising from healthcare services provided by private medical facilities to specific patients and payable by government-funded programs or insurance companies. Such accounts receivable, required to be less than 180 days old, were known as “eligible receivables” and were to be pledged as collateral to secure what the defendants promoted as a safe and conservative investment.

6. National Century offered notes under the NPF VI and NPF XII programs to qualified institutional buyers based upon terms and conditions set forth in documents such as a master indenture and supplemental indentures, and private placement memoranda and supplements (“PPMs”), which were known collectively as “program documents.” The program documents, and other related documents, informed investors about how the NPF VI and NPF XII programs were to operate and how investors’ funds would be used.

7. Based upon representations made both in program documents and in statements by the defendants and others, the NPF VI and NPF XII program notes were promoted as safe and conservative investments for various reasons, including, among others:

7a. **Bankruptcy-remote, independent entities.** The program documents required that NPF VI and NPF XII be “bankruptcy-remote” and independent of NCFE. As such, each program was prohibited from becoming involved in the day to day management of any other entity; was required to maintain its assets separately from any other entity; was required to maintain separate corporate records and books of account; and, was prohibited from guaranteeing any other entity’s obligations. The purpose of this status was to provide investors with the assurance that their investments were protected from the possibility of commingling, conflicts of interest and the damage that might arise from the bankruptcy of a related entity.

7b. **Investment grade rating.** The program documents required that the NPF VI and NPF XII program notes receive investment grade ratings. For example, the program documents required the Class A program notes offered for sale to have the top or highest investment grade rating (AAA or Aaa) from one or more rating agencies.

7c. **Investor reports.** The program documents required the investor reports to be prepared on a monthly basis and provided to the trustee banks. The defendants and others also made the investment reports available to the rating agencies, investors and others. The purpose of the reports was to demonstrate that the investments were sound and that the programs were operating properly by reporting, among other things, the total net value of all purchased receivables, the age of such receivables, and the various account balances, including the reserve accounts.

7d. **Reserve accounts.** The program documents required various reserve accounts

to be maintained, and that balances in those accounts would be tested on a monthly basis. The results of the tests were to be reported to investors, rating agencies, banks and others to assure the underlying investments were supported by sufficient collateral (i.e., eligible accounts receivable). For example, National Century may pay \$97 for every \$100 in eligible accounts receivable purchased from a healthcare provider. It would then pay the seller \$80, and deposit approximately \$17 in various reserve accounts to offset the risk that the entire amount of receivable might not be collected.

7e. The purchase of eligible receivables. The program documents restricted NPF VI and NPF XII to the purchase of “eligible receivables.” Such eligible accounts receivable were considered high quality accounts receivable likely to be collected due in part to the age (i.e., less than 180 days old) and the financial strength of the payor (i.e., an insurance company or government-funded entity).

7f. Concentration limits. The program documents restricted programs such as NPF VI and NPF XII by placing limits on the quantity of accounts receivable that could be purchased from certain payor categories or from sellers located in specific states. These restrictions were called “concentration limits” and were intended to reduce the risk or exposure to investors that might result from having too many accounts receivable purchased from too many sellers of one type or located in one particular state.

7g. Financial statements. The program documents required National Century to deliver to rating agencies and trustee banks annual financial statements audited by a nationally recognized accounting firm.

7h. “Agreed Upon Procedures” reports. The program documents required investment programs like NPF VI and NPF XII to have reports from a nationally recognized

accounting firm verifying, among other things, certain items on an investor report for a randomly selected month within the year. Such Agreed Upon Procedures reports were then provided to rating agencies, trustee banks and others.

7i. **Trustee banks.** The program documents required all cash flows from the purchase and sale of accounts receivable to flow through accounts maintained at banks operating as trustee banks. The program documents established specific restrictions on transfers from the accounts maintained with the trustee banks.

8. Contrary to the provisions of the program documents and the representations made to banks, investors, rating agencies, auditors and others, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, BEACHAM, DIERKER** and others misappropriated, misused and diverted, and aided and abetted the misappropriation, misuse and diversion of, the investors' funds for improper and unlawful purposes, including, among other purposes, financing the acquisition of healthcare providers by NCFE or by Defendants **POULSEN, PARRETT** and **AYERS** (hereinafter referred to collectively as "NCFE principals" or "principals") and providing unsecured "advances" and loans both to clients and to entities in which Defendants **POULSEN, PARRETT** and **AYERS** had ownership interests.

9. From in or about May 1998 through May 2002, NPF VI and NPF XII issued program notes having an aggregate value of approximately \$1.5 billion and \$2.9 billion, respectively. As of November 2002, immediately prior to National Century's filing for bankruptcy, NPF VI and NPF XII owed investors approximately \$840 million and \$2.2 billion, respectively, on the outstanding notes.

PERSONS, PARTIES AND ENTITIES

10. At all relevant times,

10a. Defendant **POULSEN** was President, Chairman, Chief Executive Officer, a Director and an owner of National Century since its inception. As such, he was responsible for the overall marketing, funding, and operation of NCFE and its subsidiaries. In addition, Defendant **POULSEN** was an officer, director and owner of various related entities including but not limited to Intercontinental Investment Associates, Ltd. ("IIA"), Healthcare Capital LLC ("Healthcare Capital"), FLOHAZ Partners ("FLOHAZ"), South Atlantic Investments ("South Atlantic"), Thor Capital Holdings ("Thor"), Med-Diversified, Inc. ("Med-Diversified") and Kachina, Inc. ("Kachina").

10b. Defendant **PARRETT** was Vice Chairman, Secretary, Treasurer, Director, and an owner of National Century. As such, she was responsible for providing instructions to disburse funds and to move money in and out of the NPF VI and NPF XII accounts, contracting with healthcare providers, tracking receivables, and preparing reports for National Century's programs, including NPF VI and NPF XII. During relevant times she was responsible for the investor reports that falsely represented the financial condition of the NPF programs, including NPF VI and NPF XII, and the underlying collateral. In addition, Defendant **PARRETT** was an officer, director and owner of entities related to NCFE, including IIA, Healthcare Capital, FLOHAZ, Med-Diversified, Thor and Kachina. Defendant **PARRETT** retired from National Century in or about 2001, but remained active as a director and otherwise in the management of certain National Century matters, including the operation and management of certain entities related to NCFE.

10c. Defendant **AYERS** was Vice Chairman, Chief Operating Officer, Director, and

an owner of National Century. As such, he was responsible for the disbursement of funds and contracting with healthcare providers. In addition, Defendant **AYERS** was an officer, director and owner of entities related to NCFE, including IIA, Healthcare Capital, Ayers LLC, FLOHAZ, Thor, Med-Diversified and Kachina. Defendant **AYERS** retired from National Century in or about 2001, but remained active as a director and otherwise in the management of certain National Century matters, including the operation and management of certain entities related to NCFE.

10d. Defendant **FAULKENBERRY** was an officer and director at National Century, serving as Director of Securitizations from November 1994 until 1998, when he became Vice President of Securitizations. In about December 2000, he became Managing Director and Executive Vice President for Client Development. As both Director and Vice President of Securitizations, Defendant **FAULKENBERRY** was responsible for initiating, managing and executing new note offerings by the various NPF programs, including NPF VI and NPF XII, as well as making presentations about the NPF programs and providing data and other information about the NPF programs to banks, rating agencies, investors, underwriters, and others. As Managing Director and Executive Vice President for Client Development, Defendant **FAULKENBERRY** was responsible for, among other duties, client development, risk management, client mergers and acquisitions, and oversight of credit review for new NCFE clients.

10e. Defendant **SPEER** joined National Century in or about 1999 as its Chief Financial Officer. In or about January 2001, he became Executive Vice President for Finance and Information Technology. As such, Defendant **SPEER** was responsible for the oversight of the accounting and funding departments, including wire transfers and financial transactions involving the National Century programs, including NPF VI and NPF XII. Defendant **SPEER** was a Certified

Public Accountant.

10f. Defendant **BEACHAM** was an officer and director at National Century, serving as Associate Director of Securitizations from about 1999 to December 2000, when he became NCFE's Director and Vice President of Securitizations. As Director and Vice President of Securitizations, Defendant **BEACHAM** was responsible for initiating, managing and executing new note offerings by the various NPF programs, including NPF VI and NPF XII. In this capacity, Defendant **BEACHAM** made presentations about the NPF programs and provided data and other information to banks, rating agencies, investors, underwriters, and others purporting to reflect the programs' performance.

10g. Defendant **DIERKER** was an officer and director at National Century. From in or about January 1999 until January 2001, Defendant **DIERKER** was the Associate Director of Marketing. From in or about January 2001 until August 2002, he was Vice President of Client Development. As such, he, among other things, advanced funds or caused funds to be advanced to certain providers, including providers in which Defendants **POULSEN, PARRETT, and AYERS** held an interest. From in or about August 2002 until November 2002, Defendant **DIERKER** was Senior Vice President of Risk Management and Chief Credit Officer.

10h. Sherry L. Gibson, who is identified in this Indictment as a conspirator but not as a defendant, was an employee of NCFE from about the time of its founding until sometime after its collapse in 2002. Beginning in about 1992, Gibson was involved in the generation of monthly program investor reports. From in or about November 1998 until in or about September 1999, Gibson was Vice President of Servicer Operations and was responsible for oversight of payments made in connection with the purchase of eligible receivables. Beginning in about September 1999,

she was responsible for monitoring the funding programs in order to report on compliance with the program documents. From in or about January 2001 until November 2002, Sherry L. Gibson was Executive Vice President for Compliance Analysis.

10i. John A. Snoble, who is identified in this Indictment as a conspirator but not as a defendant, was NCFE's Chief Financial Officer from in or about 1993 until in or about 1999. From in or about 1999 until in or about 2002, he was a Vice President and Financial Controller, responsible for implementing financial reporting requirements.

10j. Brian J. Stucke, who is identified in this Indictment as a conspirator but not as a defendant, was an NCFE employee from in or about 1993 until after its collapse in November 2002. During his employment, he occupied positions in the Funding and Administration Departments, and during relevant times, served as the Director of Compliance Analysis.

10k. National Premier Financial Services ("NPFS") was an Ohio corporation and a wholly-owned subsidiary of National Century. Known as the "Servicer," it provided administration services for the NPF programs, prepared investor reports, and monitored the purchase and collection of eligible receivables that were bought by the NPF programs, including NPF VI and NPF XII.

10l. NPF X, National Physicians Funding II and NPF III were wholly-owned subsidiaries of National Century. NPF X operated for the stated purpose of financing healthcare providers and other NCFE clients by providing loans secured by collateral other than eligible healthcare receivables. National Physicians Funding II and NPF III were predecessor programs similar to NPF VI and NPF XII.

THE CONSPIRACY AND ITS OBJECTS

11. From on or about August 14, 1992, to on or about November 18, 2002, in the Southern

District of Ohio and elsewhere, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER, BEACHAM**, and others both known and unknown to the Grand Jury, did knowingly and unlawfully conspire, combine, confederate, and agree with each other and others both known and unknown to the Grand Jury to violate statutes of the United States by:

11a. Devising and attempting to devise a scheme and artifice to defraud and to obtain money and property by means of materially false pretenses, representations and promises, and to execute and attempt to execute the scheme and artifice by placing and causing to be placed in a post office and an authorized depository for mail matter to be sent and to be delivered by the United States Postal Service, and to deposit and cause to be deposited matter to be sent and delivered by a private and commercial interstate carrier, in violation of 18 U.S.C. § 1341;

11b. Devising and attempting to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and to execute the scheme and artifice by transmitting and causing to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, in violation of 18 U.S.C. § 1343; and,

11c. Devising and attempting to devise a scheme and artifice to defraud and to obtain money and property by means making untrue statements of material fact and omitting material facts, and by engaging and attempting to engage in any transaction, practice, and course of business which operated and would operate as a fraud and deceit upon the purchaser in the offer and sale of securities by the use and means of any instruments of transportation and communication in interstate commerce and by the use of the mails, in violation of 15 U.S.C. §§ 77q(a) and 77x.

PURPOSE OF THE CONSPIRACY

12. A purpose of the conspiracy was to embezzle, misappropriate, misuse and divert investor funds (i.e., proceeds from the issuance of program notes by NPF VI and NPF XII) for improper and unlawful purposes, including:

12a. Diverting funds to provide unsecured “advances,” advances supported by noneligible collateral, and loans to clients, third parties, and entities commonly known as related parties in which National Century and Defendants **POULSEN, PARRETT** and **AYERS** had ownership interests, including but not limited to those in which they concealed or failed to disclose their interests;

12b. Diverting funds obtained from investors for the operating expenses of National Century and its subsidiaries;

12c. Acquiring an interest in other corporations by Defendants **POULSEN, PARRETT** and **AYERS**, and National Century with funds obtained from investors, including the acquisition of prospective, current and former NCFE clients and other healthcare providers; and,

12d. Diverting funds for the unjust and personal enrichment of Defendants **POULSEN, PARRETT** and **AYERS**.

MANNER AND MEANS OF THE CONSPIRACY

13. The manner and means by which the objects of the conspiracy was sought to be accomplished included, among others, the following:

13a. **False and Fraudulent Statements.** It was a part of the conspiracy that the conspirators would make oral and written statements that were materially false and fraudulent, and to omit material facts, to banks, rating agencies, investors, auditors and others, during meetings and

presentations, during telephone conversations, at conferences and through the preparation of false and fraudulent records and documents. Such false statements included, but were not limited to, falsely representing to existing and potential investors that the proceeds from the issuance of notes would be used for the purchase of eligible receivables and other authorized program expenses.

13b. **False and Fraudulent Records.** It was further a part of the conspiracy that the conspirators would create records that misrepresented the true state of the programs' financial condition. As an example, the defendants would manipulate and create information to falsely reflect that accounts receivable were purchased, or to falsely reflect the age or nature of the accounts receivable. Such false information was incorporated into memoranda, reports and other documents including false "accounts receivable purchase reports" and false "static pool" reports.

13c. **False Investor Reports.** It was further a part of the conspiracy that the conspirators would prepare, distribute, publish and otherwise make available investor reports and other documents regarding NPF VI and NPF XII that were materially false and fraudulent in order to attract investments under false pretenses; to lull banks, rating agencies, investors and others by deceiving them about the actual financial state of NPF VI and NPF XII; and to otherwise conceal the true state of the financial condition of NPF VI and NPF XII.

13d. **False Data in Program Documents.** It was further a part of the conspiracy that the conspirators would prepare and distribute to existing and potential investors, rating agencies, and others, program documents that contained false data concerning the programs' accounts receivables pool, including its historical performance. Specifically, the defendants overstated the value of the accounts receivable and understated the age of the accounts receivable in the static pool data contained in the PPMs.

13e. **Improper Intra-program and Interbank Transfers.** It was further a part of the conspiracy that the conspirators would transfer, and cause to be transferred, funds between programs and between banks, including transfers from NPF VI accounts to NPF XII accounts and from NPF XII accounts to NPF VI accounts, to facilitate the looting of the program funds and to otherwise conceal the actual and true state of the programs' financial condition. Such inter-bank transfers, without any exchange of collateral, included but were not limited to transfers of amounts in excess of \$100,000,000 from NPF XII to NPF VI on or about the day of the monthly test of the NPF VI reserve accounts, and the transfer back of similar dollar amounts from NPF VI accounts to the NPF XII accounts, to satisfy the monthly test of NPF XII reserve accounts. In these situations, the defendants would cause or approve interbank transfers which, in effect, used the same or substantially the same funds to satisfy the testing of the reserve accounts for both programs.

13f. **Improper Advances of Investor Funds.** It was further a part of the conspiracy that the conspirators would advance, and cause to be advanced, investor funds from NPF VI and NPF XII accounts to certain healthcare providers for purposes other than the purchase of eligible accounts receivable, including but not limited to unsecured advances (i.e., advances of funds not secured by eligible accounts receivable) and advances of funds subsequently secured by non-eligible collateral. For example, among the advances, the defendants caused unsecured advances to seven sellers from NPF VI and NPF XII in the aggregate amount of at least \$675,000,000 in the two-year period beginning January 1, 2001, until NCFE collapsed in November 2002.

13g. **Diversions of Investor Funds.** It was further a part of the conspiracy that the conspirators would transfer investor funds from NPF VI and NPF XII accounts to other NCFE accounts, other NCFE programs, third parties and related parties for purposes other than to purchase

eligible accounts receivable, including for the purpose of funding the acquisition of ownership interests by NCFE and Defendants **POULSEN, PARRETT** and **AYERS** in other corporations. The transfers of investor funds included diversions to fund reserves and to pay program fees, which sellers were normally required to pay, as well as transfers of funds from the NPF VI and NPF XII programs to other program accounts, such as NPF X, from which the defendants and others would approve, and cause to be approved, transfers of investor funds for purposes not allowed by the NPF VI and NPF XII program documents.

OVERT ACTS

14. In furtherance of the conspiracy, and to achieve its objects, at least one of the following overt acts, among many others, was committed in the Southern District of Ohio and elsewhere:

15. On or about August 14, 1992, Defendant **POULSEN** and others caused the transfer of falsely valued accounts receivable from National Physicians Funding II to NPF III.

16. On or about June 1, 1994, Defendant **PARRETT** wrote a memorandum to Sherry Gibson acknowledging the overfunding of clients and proposing the use of accounting "class 95" to track such overfunding.

17. On or about September 12, 1994, Defendant **PARRETT** directed John Snoble to provide, "some type of a report regarding weekly client advances."

18. On or about August 3, 1995, John Snoble received a copy of a draft memorandum addressed to Defendants **POULSEN, PARRETT** and **AYERS**, which memorandum advised that the "difference between the general ledger receivables of \$280,000,000 and the detail system receivables of \$197,000,000," and stating that if the unsecured amounts could not be reduced, an event of default could be declared due to the advancement of funds without the proper purchase of

receivables. The memorandum further stated: "If the notes were to be called due, NCFE would be closed down."

19. On or before August 21, 1995, Sherry Gibson sent a written communication to Defendant **POULSEN** advising him that arbitrary numbers were included on an investor report for NPF VI, to which Defendant **POULSEN** responded with a handwritten "OK," each action constituting a separate overt act.

20. On or about September 22, 1995, Sherry Gibson sent a written communication to Defendant **POULSEN** advising him that certain numbers included on an investor report for NPF VI were arbitrary and not correct, to which Defendant **POULSEN** responded with a handwritten "OK," each action constituting a separate overt act.

21. On or about October 23, 1995, Sherry Gibson sent a written communication to Defendant **POULSEN** that certain numbers to be included on an investor report for NPF VI were arbitrary and not correct, to which Defendant **POULSEN** responded with a handwritten "OK" and with a suggested method for manipulating data, each action constituting a separate overt act.

22. On or about November 11, 1996, Sherry Gibson sent by facsimile a true draft investor report to Defendant **POULSEN** in Florida along with a note on such report advising him that NPF VI did not have sufficient funds to pass the equity test, and a false draft investor report with altered numbers for his signature.

23. On or about November 11, 1996, Defendant **POULSEN** signed and sent by facsimile to Ohio a false investor report for NPF VI.

24. On or about November 24, 1997, Defendant **POULSEN** signed a false investor report for NPF VI.

25. On or about January 20, 1998, an NCFE employee copied Defendants **POULSEN**, **PARRETT** and **AYERS**, among others, on a memo advising of the creation of “Special Location ‘99’” in its accounting system for accounts receivable that were not eligible for the NPF programs.

26. On or about June 1, 1998, Defendant **POULSEN** executed on behalf of NPF VI and National Premier Financial Services, Inc. the NPF VI, Inc. Health Care Receivables Securitization Program Notes Master Indenture.

27. On or about March 10, 1999, Defendant **POULSEN** executed on behalf of NPF XII and National Premier Financial Services, Inc. the NPF XII, Inc. Health Care Receivables Securitization Program Notes Master Indenture.

28. From in or about May 1998 through in or about May 2002, Defendant **POULSEN** and others represented through program documents related to each term and variable funding note (“VFN”) series issued on or about the dates and in the amounts listed below that the funds raised would be used to purchase “eligible” accounts receivable or other authorized program expenses, with each issuance constituting a separate overt act:

No.	DATE	AMOUNT	PROGRAM and SERIES
28a.	June 1, 1998	\$300,000,000	NPF VI, Series 1998-1 (term)
28b.	August 14, 1998	\$125,000,000	NPF VI, Series 1998-2 (term)
28c.	November 4, 1998	\$114,584,000	NPF VI, Series 1998-3 (term)
28d.	November 4, 1998	\$50,000,000	NPF VI, Series 1998-4 (term)
28e.	March 10, 1999	\$100,000,000	NPF XII, Series 1999-1 (term)
28f.	March 26, 1999	\$180,000,000	NPF VI, Series 1999-1 (term)
28g.	June 28, 1999	\$350,000,000	NPF XII, Series 1999-2 (term)
28h.	November 24, 1999	\$200,000,000	NPF XII, Series 1999-3 (term)

No.	DATE	AMOUNT	PROGRAM and SERIES
28i.	March 30, 2000	\$125,000,000	NPF XII, Series 2000-1 (term)
28j.	October 17, 2000	\$275,000,000	NPF XII, Series 2000-2 (term)
28k.	December 22, 2000	\$150,000,000	NPF XII, Series 2000-3 (term)
28l.	December 27, 2000	\$600,000,000	NPF XII, Series 2000-4 (VFN)
28m.	March 21, 2001	\$300,000,000	NPF XII, Series 2001-1 (term)
28n.	June 20, 2001	\$500,000,000	NPF VI, Series 2001-1 (VFN)
28o.	June 26, 2001	\$250,000,000	NPF XII, Series 2001-2 (term)
28p.	November 2, 2001	\$150,000,000	NPF XII, Series 2001-3 (term)
28q.	November 20, 2001	\$150,000,000	NPF XII, Series 2001-4 (term)
28r.	February 28, 2002	\$250,000,000	NPF VI, Series 2002-1 (term)
28s.	May 31, 2002	\$250,000,000	NPF XII, Series 2002-1 (term)

29. On or about December 21, 1998, Defendant **POULSEN** approved, signed and authorized the issuance of a false investor report for NPF VI (determination date November 30, 1998).

30. On or about February 11, 1999, Sherry Gibson sent a memorandum on paper watermarked "For Internal Use Only" to Defendant **PARRETT**, with copies to Defendants **POULSEN** and **AYERS**, advising them that false records were being created to match the false investor reports that had been selected for random audits, and stating that it took several weeks to prepare "due to the necessity of CREATING the backup that matches the report."

31. On or about February 25, 1999, Sherry Gibson sent a memorandum on paper watermarked "Confidential" to Defendants **POULSEN**, **PARRETT** and **AYERS**, advising them that NPF VI was \$45,000,000 short in reserves due to, among other things, the funding of a seller from reserve accounts. The memorandum further stated that "[w]e are unable to move monies between the books to 'fix' this problem," and that "[w]e are creative with month end and investor

reports – but this beyond our capability to create. This is a crisis – we need help!”

32. On or about March 8, 1999, Defendant **POULSEN** and others caused the transfer of \$658,000 from an NPF VI account in New York to the NPF X account at Huntington National Bank.

33. On or about March 8, 1999, Defendant **POULSEN** caused the transfer of \$750,000 from the NPF X account at Huntington National Bank to the IIA account at Provident Bank, which transfer was characterized as “loan proceeds” on the IIA check register.

34. On or about March 9, 1999, Defendant **POULSEN** caused the transfer of \$750,000 from the IIA account to another entity in connection with Defendants **POULSEN**, **PARRETT** and **AYERS**’ purchase of stock in another entity.

35. On or about March 17, 1999, Defendant **FAULKENBERRY** sent an e-mail message to Sherry Gibson advising that Defendant **POULSEN** suggested a way to falsify an investor report by claiming cash was “in transit.”

36. On or about March 18, 1999, Defendant **POULSEN** directed Sherry Gibson not to forward information on “advance funding” to auditors.

37. On March 22, 1999, Sherry Gibson transmitted by facsimile to Defendant **POULSEN**, at a location in Florida, and to Defendant **PARRETT**, at a location in Arizona, a draft NPF VI Investor Report for February 1999, a “DRAFT w/revisions” NPF VI Investor Report for the same period, and a memorandum, also copied to Defendant **AYERS**, explaining that there was a combined shortage of over \$45,500,000 in the equity and seller credit reserve accounts because dollars in the reserve accounts had been used for funding of sellers throughout the month of February 1999. The memorandum further stated that by using the modified investor report to show “in transit” cash, and by making other adjustments, the report would reflect compliance. The memorandum concluded by

stating both Gibson and Defendant **FAULKENBERRY** believed, “this to be the most prudent action to take based upon the pending closing of the NPF VI Series 1999-1 notes.”

38. On or about March 29, 1999, Defendant **POULSEN** authorized the transmission by facsimile from Dublin, Ohio, to a trustee bank in New York, a copy of a false NPF VI Investor Report for February 1999, which false investor report included the modifications described in paragraph 37 of this Indictment.

39. On or about April 7, 1999, Defendant **POULSEN** wrote a letter to a rating agency providing a false explanation for problems with the NPF VI Investor Report for February 1999.

40. On or about April 22, 1999, Defendant **POULSEN** authorized the transmission by facsimile to a trustee bank of a copy of a false Investor Report for NPF XII for March 1999.

41. On or about May 13, 1999, Defendant **PARRETT** signed a confidential memorandum directed to Defendants **AYERS** and **POULSEN** advising them that they were continuing to advance funds for which they had “no collateral, no A/R.”

42. On or about May 21, 1999, Defendant **POULSEN** authorized the transmission by facsimile from Dublin, Ohio, to a trustee bank in New York of a copy of a false NPF VI Investor Report for April 1999.

43. On or about July 14, 1999, Defendant **POULSEN** and others caused the transfer of \$1,000,000 from an NPF VI account at a trustee bank in New York to the NPF X account at Huntington National Bank in Columbus, Ohio.

44. On or about July 14, 1999, Defendant **POULSEN** and others caused the transfer of \$1,000,000 from an NPF X account to the IIA account at Provident Bank, characterizing the transfer as “note proceeds” on the IIA check register.

45. On or about July 15, 1999, Defendant **POULSEN** caused the wire transfer of \$1,000,000 from the IIA account at Provident Bank in connection with the purchase of a stock option in a healthcare provider by Defendants **POULSEN, PARRETT** and **AYERS**.

46. On or about July 15, 1999, in response to Defendants **POULSEN, PARRETT** and **AYERS** being advised by memorandum that the accounts receivable balances for several NPF programs, including NPF VI and NPF XII, were "short" in required reserves and equity in an aggregate amount of \$19,000,000, Defendant **POULSEN** wrote in response: "We will correct after NPF LP is funded on or about June 22, 1999. We are on top of this as is Randy, John Snoble. Lance."

47. On or about July 16, 1999, Defendant **POULSEN** directed that \$4,000,000 be sent to a seller, including a \$2,000,000 advance from the NPF portfolios, and stated that Defendant **AYERS** was "standing by to sign all advance requests."

48. On or about July 16, 1999, Defendant **AYERS** authorized an advance to a seller, and caused to be transferred \$4,000,000 by wire, for purposes other than the purchase of eligible accounts receivable, which included \$2,000,000 from an NPF VI purchase account maintained at a trustee bank. Copies of such approval were provided to Defendants **POULSEN, PARRETT** and **DIERKER**.

49. On or about July 26, 1999, Brian Stucke sent a confidential memorandum to Defendants **POULSEN, PARRETT** and **AYERS**, with a copy to Defendant **SPEER**, in which he advised, "As of now, we plan to wire funds from NPF VI to NPF XII to fill the shortfall in NPF XII. This will be a partial reversal of last month's transfer from NPF XII to NPF VI."

50. On or about August 29, 1999, Defendant **PARRETT** sent a memorandum to Brian

Stucke marked "VERY CONFIDENTIAL," asking him to advise her of the "SPECIFIC PROBLEMS" in the investor report and further asking "SPECIFICALLY, WHAT ARE YOU HAVING TO CHANGE BEFORE THE REPORT GOES OUT THE DOOR?"

51. On or about September 8, 1999, Brian Stucke sent a memorandum to Defendant **PARRETT**, with a copy to Sherry Gibson, attaching the "Actual" and "Reported" versions of the July 1999 NPF VI Investor Report.

52. On or about October 6, 1999, Defendant **PARRETT** wrote a memorandum to the CEO of a seller, stating: "NCFE continues to advance funds even though the a/r is not available to support."

53. On or about October 15, 1999, Brian Stucke wrote a confidential memorandum to Defendants **POULSEN**, **PARRETT** and **AYERS**, with copies to Defendant **SPEER** and John Snoble, advising them, among other things, that the NPF XII credit and offset reserve accounts were collectively short by \$13,882,456 on September 30, 1999; and, that as of October 15, 1999, the NPF VI and NPF XII portfolios were short \$43,776,972. The memorandum further stated: "Because the collateral coverage test is based on the cash balances in these reserves, **we are unable to meet the collateral coverage test. THIS IS AN EVENT OF DEFAULT. . . .**"

54. On or about October 19, 1999, Defendant **POULSEN** sent a memorandum to Defendants **PARRETT**, **AYERS**, **SPEER** and others, discussing Stucke's memorandum of October 19, 1999, acknowledging problems with monthly investors reports, explaining the methodology to be followed to "end up with the desired result," and directing Defendants **PARRETT**, **AYERS** and **SPEER**, and others to keep the memoranda on this subject to a minimum.

55. On or about October 21, 1999, Defendant **POULSEN** caused the sale of certain Home

Medical of America (“HMA”) assets, the proceeds of which totaled \$2,158,350.20, and were wired to the HMA account in New Jersey.

56. On or about October 22, 1999, Defendant **POULSEN** and others caused HMA to wire approximately \$2,158,350.20 from the HMA account in New Jersey to the IIA account at Provident Bank characterizing it, in part, as consulting and management fees on the IIA check register.

57. On or about October 25, 1999, Brian Stucke sent a confidential memorandum to Defendant **POULSEN**, with copies to Defendants **PARRETT**, **AYERS** and **SPEER**, and John Snoble and Sherry Gibson, advising them that the NPF portfolios, including NPF VI and NPF XII, were short by a total of \$55,164,209.

58. On or about October 26, 1999, Brian Stucke sent a confidential memorandum to Defendant **POULSEN**, with copies to Defendants **PARRETT**, **AYERS** and **SPEER**, and to John Snoble and Sherry Gibson, advising that the \$36,200,000 projected aggregate shortfall in the NPF VI and NPF XII reserve accounts could be concealed by changing the determination date for NPF VI and another NPF program, and by transferring funds among various programs to meet minimum compliance requirements on the different test dates. Stucke noted that there was a concern that the trustee banks would question the large amounts of cash being transferred from and to the portfolios.

59. On or about October 26, 1999, Defendants **POULSEN**, **PARRETT**, **AYERS**, and **SPEER** caused three checks, numbers 183, 184 and 186, each in the amount of \$250,000 and drawn on the IIA account at Provident Bank, to be issued to Defendants **AYERS**, **PARRETT** and **POULSEN**, respectively, which checks were characterized as “distribution” on the IIA check register; the issuance of each check constituting a separate act.

60. On or about October 28, 1999, Defendants **POULSEN** and **SPEER** instructed NCFE’s

Compliance Department to delay the month-end tests for NPF XII until Monday, November 1, 1999.

61. On or about November 15, 1999, Brian Stucke sent a memorandum to Sherry Gibson, with copies to Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY** and **SPEER**, which, among other things, advised them that “across all NPF funding programs, the reserve and equity balances are deficient by over \$100 million . . .,” and that the cash shortfall could be covered by the proceeds of the upcoming NPF XII 1999-3 securitization.

62. On or about December 13, 1999, Defendant **POULSEN** sent a memorandum to Defendants **PARRETT** and **SPEER**, among others, directing the creation of a new procedure to track unsecured advances made to providers.

63. On or about December 20, 1999, Sherry Gibson sent an e-mail message to Defendants **SPEER** and **FAULKENBERRY**, John Snoble, and a National Century employee, which was copied to Defendants **POULSEN, PARRETT** and **AYERS**, and to Brian Stucke, regarding reserve shortages in NPF XII and asking: “[w]e are staring at month end/year end and the book is short now in reserves—how do we explain being \$40 million short?”

64. On or about January 27, 2000, Defendant **POULSEN** sent a letter to an account executive at a trustee bank, stating “Advances made to clients not supported by Receivables are not permitted.”

65. On or about January 27, 2000, Brian Stucke sent a memorandum to Defendants **POULSEN, PARRETT** and **AYERS**, with copies to Defendants **FAULKENBERRY** and **SPEER**, among others, advising that the NPF VI and NPF XII reserves were short over \$40,000,000 and that, in order to pass the tests in each program, testing would be held on two separate days in different months. Stucke further explained, “[t]his will allow NCFE to shift the necessary cash between

Funding Programs.”

66. On or about January 31, 2000, Defendant **PARRETT** authorized an advance of approximately \$1,500,000 to a provider, advising Defendant **POULSEN** that while she “signed off on this,” the provider did not have the ability to cover the transfer with accounts receivable.

67. On or about January 31, 2000, Defendant **PARRETT** sent a memorandum to Defendants **POULSEN** and **AYERS**, advising them, in pertinent part, “Right now, it looks like we are at least \$100M off from the A/R [accounts receivable] booked, the collateral and the outstanding.”

68. On or about February 23, 2000, Brian Stucke sent a memorandum to Defendants **POULSEN**, **PARRETT** and **AYERS**, with copies to Defendants **FAULKENBERRY**, **SPEER**, and others, advising that the NPF VI and NPF XII programs would be short by at least \$85,000,000 by the end of February and asking: “Would it be possible to increase the NPF XII Series 2000-1 issuance to \$150 or \$200 million to offset the advances that will be made in March and the months ahead?”

69. On or about April 5, 2000, Defendant **POULSEN** caused the transfer by wire of \$2,500,000 from the NPF VI account at a trustee bank in New York to an HMA account in New Jersey.

70. On or about April 5, 2000, Defendant **POULSEN** caused the wire transfer of \$2,200,000 from an HMA account in New Jersey to the IIA account at Provident Bank in Columbus, Ohio, annotated as “Wire HMA Advance” on the IIA check register.

71. On or about April 7, 2000, Defendant **POULSEN** caused a wire transfer from the IIA account in Columbus, Ohio, to an entity in California in the amount of \$2,300,000 in connection with Defendants **POULSEN**’s, **PARRETT**’s and **AYERS**’ purchase of an ownership interest in

a healthcare provider.

72. On or about April 26, 2000, Defendants **POULSEN** and **AYERS** caused three checks, numbers 207, 208 and 210, each in the amount of \$250,000 and drawn on the IIA account in Columbus, Ohio, made payable to Defendants **AYERS**, **PARRETT** and **POULSEN**, respectively, which checks were characterized as “loan” on the IIA check register; issuance of each check constituting a separate overt act.

73. In or about May 2000, in response to allegations of financial improprieties and diversions of funds at National Century, Defendant **FAULKENBERRY** denied the allegations as reported in a trade publication and was quoted as saying the allegations were “an unfortunate byproduct of the success of the company.”

74. On or about June 20, 2000, Defendant **PARRETT** authorized an advance to PhyAmerica in the amount of \$9,500,000.

75. On or about June 21, 2000, in a handwritten note, Defendant **POULSEN** directed Defendant **PARRETT** to delay sending the \$9,500,000 advance to PhyAmerica until after the end of the month.

76. On or about June 29, 2000, Defendants **POULSEN** and **SPEER** advised auditors that there was “no fraud involving management or employees who have significant roles in the internal control.”

77. On or about July 19, 2000, Sherry Gibson advised Defendants **POULSEN**, **PARRETT** and **AYERS**, with a copy to Defendant **SPEER** and Brian Stucke, that all NPF funding programs were over \$150,000,000 short in cash, including shortages of over \$68,000,000 for NPF VI and \$74,000,000 for NPF XII.

78. On or about August 24, 2000, Defendant **AYERS** advised Defendant **POULSEN** by way of memorandum that the portfolios were not in compliance, that the Executive Committee had discussed taking and using reserve money, and that there were gaps in the accounts receivable that needed to be filled.

79. On or about October 3, 2000, Defendant **AYERS** approved, and caused to be transferred by wire, an advance to a seller in the amount of \$1,927,000 from the NPF XII purchase account. Copies of Defendant **AYERS**' written approval were provided to Defendants **POULSEN**, **PARRETT** and **SPEER**.

80. On or about December 27, 2000, Defendant **POULSEN** caused a wire transfer of \$1,500,000 from an NPF VI account at a trustee bank in New York to an HMA account.

81. On or about December 28, 2000, Defendant **POULSEN** caused the transfer by wire of \$1,500,000 from the HMA account to the IIA account in Columbus, Ohio, which transfer was characterized as "consulting fee earned" on the IIA check register.

82. On or about December 29, 2000, Defendant **POULSEN** caused check #232 to be drawn on the IIA account in Columbus, Ohio, in the amount of \$1,495,968, payable to NPF X and characterized as "June-Dec note payments."

83. On or about June 4, 2001, Defendant **SPEER** requested, and Defendant **POULSEN** approved, advances from NPF VI for the purpose of settling a lawsuit resulting in wire transfers in the aggregate amount of \$7,750,000, disguised as advances of \$1,500,000 to Chartwell Diversified Services, Inc. ("Chartwell"), \$1,500,000 to Lifecare Solutions West, Inc., ("Lifecare") and \$4,750,000 to HMA.

84. On June 4, 2001, Defendant **POULSEN** caused the creation of a materially false NPF

VI, Inc. Receivables Purchase Report by the NCFE Funding Department, purporting to reflect the purchase of accounts receivable in the approximate amount of \$3,255,434 from Chartwell, in the amount of \$1,500,000 from LifeCare, and in the amount of \$4,750,000 from HMA.

85. On or about June 25, 2001, Defendant **BEACHAM** sent an e-mail communication to a rating agency in New York, addressing concerns about an investor report raised by the rating agency by falsely stating that the “issue” was created by a person new to his job, that the funds were not properly allocated to the reserve balances, and, “please don’t hold up funding tomorrow for this internal servicing error which has been corrected.”

86. On or about June 29, 2001, Defendant **DIERKER** and others caused a wire transfer of \$200,000 to a healthcare provider owned in part by the Defendants **POULSEN, PARRETT** and **AYERS**.

87. On or about July 6, 2001, Defendant **DIERKER** and others caused a wire transfer of \$560,000 to a provider owned in part by the Defendants **POULSEN, PARRETT** and **AYERS**.

88. On or about July 8, 2001, Sherry Gibson sent a memorandum to Defendant **POULSEN**, with copies to Defendant **BEACHAM** and John Snoble, in which she advised that truthful responses to inquiries about reserve balances from a rating agency in New York could trigger an amortization event in NPF XII.

89. On or about July 12, 2001, Defendant **BEACHAM** sent an e-mail message to Sherry Gibson, which was copied to Defendant **POULSEN** and forwarded to John Snoble, in which message he proposed that NCFE’s Compliance Department issue a statement to a rating agency in New York, falsely telling the rating agency that NCFE could not, as a practical matter, provide historical information of trust account balances to the rating agency in response to its concerns about

investor reports.

90. On or about July 13, 2001, Sherry Gibson sent an e-mail message to a rating agency in New York, with a copy to Defendant **BEACHAM**, which message incorporated the statement proposed by Defendant **BEACHAM** in his e-mail message of July 12, 2001 noted in the previous paragraph.

91. On or about July 16, 2001, Sherry Gibson sent a confidential memorandum to Defendant **POULSEN**, with copies to Defendants **FAULKENBERRY**, **SPEER**, and another individual, confirming a conversation with Defendant **POULSEN** about the deficient status of the NPF VI and NPF XII reserve accounts, the difficulty of producing investor reports due to these deficiencies, and questions raised about the investor reports by a rating agency. She also stated that the special funding instructions “mean that more cash is being released to Sellers than their receivables support,” and that “cash is ‘borrowed’ from reserves for funding.”

92. On or about July 19, 2001, Defendant **SPEER** caused an e-mail to be sent to HMA, a seller, stating that it would be receiving a wire transfer for \$1.6 million, but that \$1.3 million of that amount would have to be wired to a bank account in the name of IIA.

93. On or about July 20, 2001, Defendant **SPEER** caused the transfer of \$1,600,000 in funds from an NPF VI account to an HMA account.

94. On or about July 20, 2001, Defendant **SPEER** caused the transfer of \$1,300,000 in funds from the HMA account to the IIA account in Columbus, Ohio, characterized as “Payment from HMA on loan” in the IIA check register.

95. On or about July 20, 2001, Defendant **POULSEN** caused check #248 to be drawn on the IIA account in the amount of \$1,334,149.89, made payable to NPF X, and characterized as “note

payments” on the IIA check register.

96. On or about August 3, 2001, Defendant **DIERKER** and others caused a wire transfer of \$670,000 to a healthcare provider owned in part by the Defendants **POULSEN, PARRETT** and **AYERS**.

97. On or about August 23, 2001, Defendant **BEACHAM** sent a letter to an investor, stating that investment information, including but not limited to current and previous monthly investor reports, was available on NCFE’s Investor Reporting website, and that “reporting through web-based services is just another reason why NCFE is a solid investment.”

98. On or about August 29, 2001, Sherry Gibson sent a confidential memorandum to Defendant **POULSEN**, advising him that the investor reports for NPF XII had overstated accounts receivable balances by approximately \$511,000,000, and that they had to add bogus accounts receivable in the static pool data in order to conceal the difference between the actual receivables and what was being reflected on the investor reports.

99. On or about August 31, 2001, Defendant **DIERKER** and others caused a wire transfer of \$550,000 to a healthcare provider owned in part by Defendants **POULSEN, PARRETT** and **AYERS**.

100. On or about September 14, 2001, Defendant **DIERKER** and others caused a wire transfer of \$530,000 to a healthcare provider owned in part by Defendants **POULSEN, PARRETT** and **AYERS**.

101. On or about September 27, 2001, Sherry Gibson informed Defendant **BEACHAM** that the static pool analysis included ineligible accounts receivable from bankrupt entities.

102. On or about September 28, 2001, Defendant **DIERKER** and others caused a wire

transfer of \$720,000 to a healthcare provider owned in part by Defendants **POULSEN**, **PARRETT** and **AYERS**.

103. On or about the dates listed below, Defendant **POULSEN**, Sherry Gibson, John Snoble and others caused the preparation of Special Wire Instructions and materially false Receivables Purchase Reports for the NPF programs identified below, which reports purported to document the purchase of accounts receivable in the approximate amounts listed below, but which were, in fact, intended to conceal the true nature of wire transfers from the NPF VI trustee bank to NPF XII trustee bank, and vice versa, so that the same dollars would be used to support the monthly tests of both the NPF VI and NPF XII reserve accounts, each wire instruction and report constituting a separate overt act:

No.	Date	Approximate amount	Transfer from	Transfer to
103a.	Nov. 1, 2001	\$152,052,003	NPF VI	NPF XII
103b.	Nov. 2, 2001	\$139,876,544	NPF XII	NPF VI
103c.	Nov. 30, 2001	\$17,812,004	NPF XII	NPF VI
103d.	Dec. 3, 2001	\$121,499,220	NPF VI	NPF XII
103e.	Dec. 31, 2001	\$115,075,036	NPF XII	NPF VI
103f.	Jan. 2, 2002	\$148,048,000	NPF VI	NPF XII
103g.	Jan. 3, 2002	\$148,048,000	NPF XII	NPF VI
103h.	Mar. 1, 2002	\$145,985,828	NPF VI	NPF XII
103i.	Mar. 4, 2002	\$128,589,681	NPF XII	NPF VI
103j.	June 3, 2002	\$50,969,827	NPF VI	NPF XII
103k.	June 4, 2002	\$42,245,7490	NPF XII	NPF VI

104. On or about November 9, 2001, Defendant **DIERKER** and others caused a wire transfer of \$560,000 to a healthcare provider owned in part by Defendants **POULSEN, PARRETT** and **AYERS**.

105. On or about April 18, 2002, Defendant **BEACHAM** sent an e-mail communication to a rating agency in New York with false data in NPF VI and NPF XII static pool reports.

106. On or about June 14, 2002, Defendant **SPEER** sent an e-mail to an auditor stating that “collectibility of receivables is not a primary concern of the investor.”

107. On or about July 24, 2002, Defendant **POULSEN** sent to the trustee banks for NPF VI and NPF XII, with copies to Defendants **FAULKENBERRY, SPEER** and **BEACHAM**, National Century’s draft consolidated audited financial statements for year end 2001, falsely stating that they were in near final form.

108. On or about September 26, 2002, Defendant **PARRETT** sent an e-mail message to Defendant **POULSEN**’s secretary, directing her to forward it to Defendant **POULSEN**, in which Defendant **PARRETT** advised Defendant **POULSEN** that she had located \$134,000,000 of accounts receivable that a seller had not written off as a bad debt, stating “It’s patient specific. This is older a/r but still good.”

109. On or about September 30, 2002, Defendant **PARRETT** sent an e-mail message on the subject of the NCFE audit to an National Century employee, instructed the employee to make certain changes to the accounts receivable records, including, among several inappropriate adjustments, adding \$134,000,000 patient specific accounts receivable, 90 percent of which was over three years old.

110. On or about October 21, 2002, Defendants **POULSEN** and **BEACHAM** sent by

facsimile transmission a letter addressed to "All NPF XII Investors" to at least one investor that sought waiver of a "technical default." Included in this correspondence was a document that falsely represented that NPF XII was 130 percent collateralized.

111. On or about November 7, 2002, Defendant **PARRETT** sent an e-mail message to an NCFE employee attempting to obtain funding for a seller.

In violation of 18 U.S.C. § 371.

COUNTS 2 - 7
15 U.S.C. §§ 77q(a) and 77x
and 18 U.S.C. § 2
(Securities Fraud)

112. The Grand Jury realleges and incorporates herein by reference in paragraphs 2 through 10 and paragraphs 12 through 111 of Count 1 of this Indictment.

113. During the period beginning on or before June 20, 2001, until on or about November 18, 2002, in the Southern District of Ohio and elsewhere, the defendants listed below did willfully and knowingly, in the offer and sale of the securities listed below issued on the approximate dates as listed below, use means and instruments of transportation and communication in interstate commerce and the United States mails directly and indirectly:

113a. to employ a scheme and artifice to defraud;

113b. to obtain money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made in light of the circumstances under which they were made not misleading; and,

113c. to engage in transactions, acts, practices, and courses of business which would and did operate as fraud and deceit upon purchasers:

Count	Date	Defendant	Security
2	June 20, 2001	POULSEN PARRETT AYERS FAULKENBERRY BEACHAM	NPF VI, Series 2001-1
3	June 26, 2001	POULSEN PARRETT AYERS FAULKENBERRY BEACHAM	NPF XII, Series 2001-2
4	November 2, 2001	POULSEN PARRETT AYERS FAULKEBERRY SPEER BEACHAM	NPF XII, Series 2001-3
5	November 20, 2001	POULSEN PARRETT AYERS FAULKEBERRY SPEER BEACHAM	NPF XII, Series 2001-4
6	February 28, 2002	POULSEN PARRETT AYERS FAULKEBERRY SPEER BEACHAM	NPF VI, Series 2002-1
7	May 31, 2002	POULSEN PARRETT AYERS FAULKEBERRY BEACHAM	NPF XII, Series 2002-1

In violation of 15 U.S.C. §§ 77q(a) and 77x, and 18 U.S.C. § 2.

COUNTS 8 -16
18 U.S.C. §§ 1343 and 2
(Wire Fraud)

114. The Grand Jury realleges and incorporates herein by reference in paragraphs 2 through 10 and paragraphs 12 through 111 of Count 1 of this Indictment.

115. On or before August 14, 1992, until on or about November 18, 2002, in the Southern District of Ohio and elsewhere, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** willfully and knowingly devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false pretenses, representations and promises, and for the purpose of executing and attempting to execute the scheme and artifice, did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, and sounds.

116. It was a part of the scheme and artifice that Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** caused NPF VI and NPF XII to offer for sale and to issue to investors multiple series of asset backed securities program notes.

117. It was a further part of the scheme and artifice that Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** obtained funds from investors in NPF VI and NPF XII program notes by representing the funds raised though the note offerings would be used for the specific purpose of purchasing a select portion of accounts receivable from healthcare providers, including hospitals, clinics, and nursing homes.

118. It was a further part of the scheme and artifice that Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** embezzled, misappropriated, and diverted funds obtained from investors in NPF VI and NPF XII program notes.

for purposes other than those represented in program note offering documents.

119. It was a further part of the scheme and artifice that Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** concealed their embezzlement, misappropriation, and diversion of funds obtained from investors in NPF VI and NPF XII program notes by creating false documents and records and by disseminating false information about the true financial condition of both NPF VI and NPF XII.

120. On or about the approximate dates as listed below, in the Southern District of Ohio and elsewhere, the Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM**, for the purpose of executing said scheme and artifice, did knowingly and willfully transmit and cause to be transmitted in interstate commerce by wire the writings, signs, signals, and sounds as identified below:

Count	Date	Interstate Wire Communication
8	June 26, 2001	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$300,000,000 in connection with the NPF VI, Inc., Series 2001-1 variable funding note.
9	Aug. 24, 2001	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$10,000,000 in connection with the NPF VI, Inc., Series 2001-1 variable funding note.
10	Sep. 20, 2001	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$60,000,000 in connection with the NPF VI, Inc., Series 2001-1 variable funding note.
11	Oct. 23, 2001	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$80,000,000 in connection with NPF XII, Inc., Series 2001-1 variable funding note.

Count	Date	Interstate Wire Communication
12	Feb. 22, 2002	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$90,000,000 in connection with NPF VI, Inc., Series 2001-1 variable funding note.
13	Mar. 22, 2002	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$95,000,000 in connection with NPF VI, Inc., Series 2001-1 variable funding note.
14	Apr. 24, 2002	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$75,000,000 in connection with NPF VI, Inc., Series 2001-1 variable funding note.
15	June 24, 2002	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$30,000,000 in connection with NPF VI, Inc., Series 2001-1 variable funding note.
16	July 22, 2002	a facsimile communication from Dublin, Ohio to New York, New York that requested funding be advanced in the amount of \$5,800,000 in connection with NPF VI, Inc., Series 2001-1 variable funding note.

In violation of 18 U.S.C. §§ 1343 and 2.

COUNTS 17 - 26
18 U.S.C. §§ 1343 and 2
(Wire Fraud)

121. The Grand Jury realleges and incorporates herein by reference in paragraphs 114 through 119 of Counts 8 through 16 of this Indictment as though set forth in full herein.

122. From on or about August 14, 1992, until or on about November 8, 2002 in the Southern District of Ohio and elsewhere, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, BEACHAM** and **DIERKER**, and others known and unknown to the grand jury, devised and intended to devise the above-described scheme and artifice.

123. On or about the dates listed below, for each of Counts 17 through 26, within the Southern District of Ohio and elsewhere, the defendants identified in each count listed below, and other individuals named and not named in this Indictment, knowingly and willfully, for the purpose of executing the above-described scheme and artifice, transmitted and caused to be transmitted by means of wire communications in interstate commerce writings, signs, signals, pictures and sounds, specifically, as described below, each use of the wires constituting a separate count of the Indictment:

Count	Defendant	Date	Use of the wire communications
17	SPEER POULSEN	6/04/01	Receivables Report sent by facsimile from NCFE in Dublin, Ohio, to trustee bank in New York, directing the transfer of approximately \$3,255,434 from NPF VI to Chartwell Diversified Services, Inc.
18	SPEER POULSEN	6/04/01	Receivables Report sent by facsimile from NCFE in Dublin, Ohio, to trustee bank in New York, directing the transfer of approximately \$1,500,000 from NPF VI account to Lifecare Solutions West, Inc.
19	SPEER POULSEN	6/04/01	Receivables Report sent by facsimile from NCFE, Dublin, Ohio, to trustee bank in New York, directing the transfer of \$4,750,000 from NPF VI account to HMA.
20	SPEER	7/19/01	E-mail transmission from NCFE, Dublin, Ohio, to HMA in New Jersey advising that it would be receiving \$1,600,000 but that \$1,300,000 of such funds were to be wired to a bank account in the name of IIA.

Count	Defendant	Date	Use of the wire communications
21	BEACHAM	9/10/01	E-mail transmission from NCFE, Dublin, Ohio, to a rating agency in Chicago forwarding materially false information regarding the performance of NPF XII, including bogus static pool data.
22	POULSEN	3/15/02	Receivables Report sent by facsimile from NCFE in Dublin, Ohio, to a trustee bank in Chicago, directing the transfer of \$1,000,000 from NPF XII account to Hollywood Emergency Care Specialists, Inc.
23	BEACHAM	4/18/02	E-mail transmission from Dublin, Ohio, to a rating agency in Chicago forwarding materially false information regarding the performance of NPF VI and NPF XII, including bogus static pool data.
24	FAULKENBERRY	4/19/02	Receivables Report sent by facsimile from NCFE in Dublin, Ohio, to a trustee bank in Chicago, directing the transfer of \$1,500,000 from an NPF XII account to ECS of Hollywood
25	PARRETT	9/30/02	E-mail message on the subject of the NCFE audit to an National Century employee, instructing the employee to add \$134,000,000 in patient-specific accounts receivable, 90 percent of which was over three years old.
26	POULSEN BEACHAM	10/21/02	Letter sent by facsimile from NCFE, Dublin, Ohio, to an investor in New York falsely stating that NPF XII was 130 percent collateralized.

In violation of 18 U.S.C. §§ 1343 and 2.

COUNTS 27 - 37
18 U.S.C. §§ 1341 and 2
(Mail Fraud)

124. The Grand Jury realleges and incorporates herein by reference in paragraphs 114 through 119 of Counts 8 through 16 of this Indictment as though set forth in full herein.

125. On or about the period beginning in or about August 14, 1992, until on or about November 18, 2002, in the Southern District of Ohio and elsewhere, Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER** and **BEACHAM** willfully and knowingly devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false pretenses, representations and promises, and for the purpose of executing and attempting to execute the scheme and artifice, did cause to be deposited certain matters and things, that is, monthly investor reports for NPF VI and NPF XII, which contained false financial data, to be sent and delivered by a private and commercial interstate carrier, and did cause to be delivered according to the direction thereon such matters and things.

126. On or about the following dates, in the Southern District of Ohio and elsewhere, the Defendants **POULSEN, PARRETT, AYERS, FAULKENBERRY, SPEER, DIERKER,** and **BEACHAM** identified in each count, for the purpose of executing said scheme and artifice, did knowingly and willfully cause to be deposited said matters and things to be sent and delivered by a private and commercial interstate carrier, and did cause to be delivered according to the direction thereon such matters and things listed below:

Count	Date	Item deposited and delivered
27	06/22/01	NPF VI - Investor Report deposited and delivered to a trustee bank in New York
28	06/22/01	NPF VI - Investor Report deposited and delivered to a rating agency in New York
29	06/22/01	NPF VI - Investor Report deposited and delivered to a rating agency in Illinois
30	06/22/01	NPF XII - Investor Report deposited and delivered to a rating agency in Illinois
31	06/25/01	NPF XII - Investor Report deposited and delivered to a trustee bank in Westerville, Ohio
32	03/06/02	NPF XII - Investor Report deposited and delivered to a trustee bank in Chicago
33	08/28/02	NPF VI - Revised Investor Report deposited and delivered to a trustee bank in New York
34	08/28/02	NPF VI- Revised Investor Report deposited and delivered to an investor/underwriter in New York
35	08/28/02	NPF VI - Revised Investor Report deposited and delivered to a rating agency in Illinois
36	09/26/02	NPF XII - Investor Report deposited and delivered to a trustee bank in Illinois
37	09/26/02	NPF XII - Investor Report deposited and delivered to a rating agency in Illinois

In violation of 18 U.S.C. §§ 1341 and 2.

COUNT 38
18 U.S.C. § 1956(h)
(Money Laundering Conspiracy)

127. The Grand Jury realleges and incorporates herein by reference in paragraphs 2 through 10 and paragraphs 12 through 111 of Count 1 of this Indictment.

128. Beginning on or about August 14, 1992, and continuing through on or about

November 18, 2002, within the Southern District of Ohio and elsewhere, Defendants

LANCE K. POULSEN
REBECCA S. PARRETT
DONALD H. AYERS
ROGER S. FAULKENBERRY
RANDOLPH H. SPEER
JAMES E. DIERKER
and
JON A. BEACHAM

did unlawfully and knowingly conspire and agree with one another and with others known and unknown to the Grand Jury, to commit certain offenses under 18 U.S.C. §§ 1956 and 1957, as follows:

128a. to conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which transactions involved the proceeds of specified unlawful activity, that is, mail fraud (18 U.S.C. § 1341), wire fraud (18 U.S.C. § 1343) and fraud in the sales of securities (18 U.S.C. § 1961(1)), and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity,

(1) with the intent to promote the carrying on of such specified unlawful activities, in violation of 18 U.S.C. § 1956(a)(1)(A)(i) (promotion money laundering) and

(2) knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i) (concealment money laundering); and

128b. knowingly to engage, attempt to engage in, and engaging in monetary

transactions in criminally derived property of a value greater than \$10,000, by, through or to a financial institution and affecting interstate or foreign commerce, in violation of 18 U.S.C. § 1957 (spending criminally derived proceeds).

MANNER AND MEANS

129. It was a part of the conspiracy that between on or about August 14, 1992, and up to on or about November 18, 2002, the Defendants, in concert with others, known and unknown to the Grand Jury, caused, attempted to cause and aided and abetted financial and monetary transactions involving the transfer of funds and monetary instruments to promote specified unlawful activity, namely, mail fraud, wire fraud and securities fraud through intrabank and interbank transfers including but not limited to transfers to trustee banks and to corporations owned or controlled by Defendants **POULSEN, PARRETT and AYERS**.

130. It was further a part of the conspiracy to wire transfer millions of dollars from the NPF XII account at a trustee bank to the NPF VI account at another trustee bank at the end of the month, and then transfer millions back to the NPF XII account from the NPF VI account, such that each program could successfully pass the monthly test of the reserve accounts and deceive investors, banks, rating agencies and others about the true nature and state of the asset backed securities programs.

131. It was further a part of the conspiracy to cause financial and monetary transactions involving funds or monetary instruments representing the proceeds of specified unlawful activity, namely, mail fraud, wire fraud, and securities fraud by concealing the nature, source, origin, control and ownership of the funds through intrabank and interbank transfers, including but not limited to transfers to trustee banks and to corporations owned or controlled by Defendants

POULSEN, PARRETT and AYERS.

132. It was further a part of the conspiracy to conceal the source, nature and origin of investment proceeds by causing the wire transfer of funds from the NPF VI and NPF XII accounts to other NCFE programs, such as NPF X, and then to cause subsequent transfers from those programs to other entities, including other corporations owned or controlled by Defendants **POULSEN, PARRETT and AYERS.**

In violation of 18 U.S.C. § 1956(h).

COUNTS 39 - 45
18 U.S.C. § 1956(a)(1)(A)(I)
(promotion money laundering)

133. On or about the dates listed below, in the Southern District of Ohio, Defendants **POULSEN, PARRETT, AYERS** and **SPEER** did knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, to wit, the financial transactions identified below, which involved the proceeds of a specified unlawful activity, that is, mail fraud (18 U.S.C. § 1341), wire fraud (18 U.S.C. § 1343) and fraud in the sale of securities (18 U.S.C. § 1961(1)), with the intent to promote the carrying on of specified unlawful activity, namely: mail fraud, wire fraud and securities fraud and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions, that is, funds, in the approximate amounts listed below, represented the proceeds of some form of unlawful activity:

Count	Date	Financial Transaction	Approximate Amount
39	11/01/01	Wire transfer from NPF VI account to NPF XII account	\$152,052,003

Count	Date	Financial Transaction	Approximate Amount
40	11/02/01	Wire transfer from NPF XII account to NPF VI account	\$139,876,544
41	12/31/01	Wire transfer from NPF XII account to NPF VI account	\$115,075,036
42	01/02/02	Wire transfer from NPF VI account to NPF XII account	\$148,048,000
43	01/03/02	Wire transfer from NPF XII account to NPF VI account	\$148,048,000
44	03/01/02	Wire transfer from NPF VI account to NPF XII account	\$145,985,828
45	03/04/02	Wire transfer from NPF XII account to NPF VI account	\$128,589,681

In violation of 18 U.S.C. §§ 1956(a)(1)(A)(I) and 2.

COUNTS 46 - 59
18 U.S.C. § 1956(a)(1)(B)(I)
(concealment money laundering)

134. On or about the approximate dates listed below, in the Southern District of Ohio and elsewhere, the defendants listed below did knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, to wit, the financial transactions listed below, which involved the proceeds of a specified unlawful activity, that is mail fraud (18 U.S.C. § 1341), wire fraud (18 U.S.C. § 1343) and fraud in the sale of securities (18 U.S.C. § 1961(1)), knowing that the transactions were designed in whole and in part to conceal and disguise, the nature, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions, that is funds in the approximate amounts

listed below represented the proceeds of some form of unlawful activity:

Count	Date	Defendant	Financial Transaction	Approximate Amount
46	6/05/01	POULSEN and SPEER	Wire transfer from NPF VI account to a Chartwell Diversified Services, Inc., account.	\$3,255,434
47	6/05/01	POULSEN and SPEER	Wire transfer from NPF VI account to a Lifecare Solutions West, Inc. account.	\$1,500,000
48	6/05/01	POULSEN and SPEER	Wire transfer from NPF VI account to an HMA account.	\$4,750,000
49	7/6/01	DIERKER	Wire transfer from NPF XII account to a California Psychiatric Management Services account.	\$560,000
50	7/20/01	SPEER	Wire transfer from NPF VI to an HMA account.	\$1,600,000
51	7/20/01	POULSEN and SPEER	Wire transfer from HMA account to an IIA account.	\$1,300,000
52	7/20/01	POULSEN	IIA check #248 drawn on account 0439598 at Provident Bank, payable to NPF X.	\$1,334,149
53	7/27/01	FAULKENBERRY	Wire transfer from NPF XII account to an FH Assurance Company, Ltd. account.	\$22,000,000

Count	Date	Defendant	Financial Transaction	Approximate Amount
54	8/3/01	DIERKER	Wire transfer from NPF XII account to a California Psychiatric Management Services account.	\$670,000
55	9/28/01	DIERKER	Wire transfer from NPF XII account to a California Psychiatric Management Services account.	\$720,000
56	3/15/02	POULSEN	Wire transfer from NPF XII account to a Hollywood Emergency Care Specialists, Inc. account.	\$1,000,000
57	5/22/02	FAULKENBERRY	Wire transfer from NPF XII account to an ECS of Florida account.	\$500,000
58	7/07/02	POULSEN	Wire transfer from NPF XII account to Tegco Inv. account.	\$12,500,000
59	8/09/02	SPEER	Wire transfer from NPF XII account to an HMA account.	\$300,000

In violation of 18 U.S.C. §§ 1956(a)(1)(B)(I) and 2.

Count 60

**18 U.S.C. §§ 981(a)(1)(c) and 982, and 28 U.S.C. § 2461
(Forfeiture)**

135. Each defendant who is convicted of Count 1 (conspiracy) and Counts 2 - 37 shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of the

said violation, including but not limited to a sum of money in the amount of approximately \$1,900,000,000 representing the proceeds from the conspiracy to violate statutes of the United States as alleged in Count 1 and the violations alleged in Counts 2 - 37. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in such offense.

136. Pursuant to 18 U.S.C. § 982, each defendant who is convicted of one or more of the offenses set forth in Count 38 (money laundering conspiracy in violation of 18 U.S.C. § 1956(h)) or Counts 39 - 59 (money laundering) shall forfeit to the United States the following property:

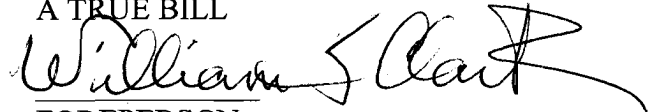
136a. All right, title, and interest in any and all property involved in each offense in violation of 18 U.S.C. § 1956 for which the defendant is convicted, and all property traceable to such property, including the following: 1) all money or other property that was the subject of each transaction, transportation, transmission or transfer in violation of § 1956; 2) all commissions, fees and other property constituting proceeds obtained as a result of those violations; and 3) all property used in any manner or part to commit or to facilitate the commission of those violations including but not limited to untainted funds used to conceal the proceeds of criminal activity.

136b. A sum of money equal to approximately \$1,900,000,000 representing the total amount of money involved in each offense, or involved in the conspiracy to commit violations of Sections 1956 and 1957, in violation of 18 U.S.C. § 1956(h), as charged in Count 38, for which the defendant is convicted. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in such offense.

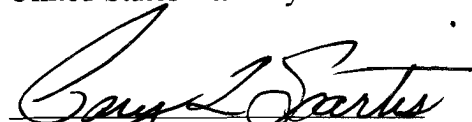
137. Pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b) and 28 U.S.C. § 2461(c), each defendant shall forfeit substitute property, up to the value of the amount described in the foregoing paragraphs, if, by any act or omission of a defendant, the property described in such paragraphs, or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred, sold to or deposited with a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty.

(Criminal Forfeiture, 18 U. S.C. §§ 981(a)(1)(C) and 982(a), 28 U.S.C. § 2461(c), and Rule 32.2 of the Federal Rules of Criminal Procedure.)

A TRUE BILL


FOREPERSON

GREGORY G. LOCKHART
United States Attorney


GARY L. SPARTIS (0023428)
Deputy Criminal Chief