

**UNITED STATES ATTORNEY'S OFFICE
Western District of Washington**



May 8, 2009

**FOUR SEATTLE AREA WOMEN PLEAD GUILTY TO BANK FRAUD SCHEME
IN "OPERATION HONOR ROLE"
Defendants Stole Identities to Apply for More than \$2 Million in Student
Loans**

Four women, three from one family, pleaded guilty this week in connection with a bank fraud scheme that abused student loan programs. Members of the theft ring were arrested June 8, 2008, after being indicted for Bank Fraud and Aggravated Identity Theft. The women used other people's Social Security numbers and identification information to apply for \$2,234,000 in student loans. The banks were defrauded of more than \$722,000.

KATHERINE FAIR, 37, of Seattle pleaded guilty May 6, 2009, to bank fraud. KATHY L. HARDY, 60, of Renton, Washington, and her two daughters, LESLIE Y. GORDON, 36, and THERESA R. HARDY, 21, both also of Renton, pleaded guilty on May 7, 2009, to bank fraud. In their plea agreements, GORDON admits that she was the organizer of the bank fraud scheme to use stolen identities to obtain student loan proceeds; KATHY HARDY admitted she provided the stolen identities from the medical office where she worked to facilitate the fraud; and THERESA HARDY admitted she allowed her name and bank account to be used to negotiate the checks issued by the banks. The scheme began in April 2005, and over the next three years various members of the conspiracy allegedly submitted a dozen different student loan applications using other people's names, and/or Social Security numbers as the borrower or the co-signer. The conspirators defaulted on the loans, taking the cash but never making a payment.

The loans were taken out from private student loan companies, but were funded by banks. For example, according to the indictment, on December 31, 2005, KATHY HARDY and LESLIE GORDON submitted false student loan paperwork to Astrive Student Loans. The \$30,000 loan was funded by RBS Citizens N.A., a U.S. financial institution as defined by law. Other loans were taken out through the course of the conspiracy through Sallie Mae, and were funded by Sallie May Bank; through My Rich Uncle Student Loans which were funded by Doral Bank FSB; and through Educated Borrow which were funded by Richland State Bank.

Sentencing for all four defendants is scheduled for August 21, 2009, in front of U.S. District Judge John C. Coughenour.

The case was investigated by Social Security Administration Office of Inspector General (SSA-OIG), the Federal Bureau of Investigation, the Secret Service, the United States Postal Inspection Service, the Seattle Police Department and the King County Sheriff's Office. The case is being prosecuted by Assistant United States Attorneys Norman Barbosa and Aravind Swaminathan as part of the U.S. Attorney's Office Working Group on Identity Theft.

For additional information please contact Emily Langlie, Public Affairs Officer for the United States Attorney's Office, at (206) 553-4110.