

## Breaking News

# Former Security Aviation chief Avery pleads guilty to fraud

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Mark Avery, the former owner of Security Aviation and other Anchorage-based businesses, pleaded guilty to charges Tuesday that could keep him imprisoned anywhere from 14 to 17.5 years.

Avery must also repay a trust he defrauded \$52.5 million, and a possible \$250,000 fine.

Attorneys for Avery could not be reached for comment.

Avery agreed to a plea agreement in federal court in Anchorage on March 6 to five counts of wire fraud and 10 counts of money laundering in defrauding the May Smith Trust of more than \$52 million, according to a press release issued by the U.S. Attorney's office.

Avery was a trustee and lawyer for the May and Stanley Smith Charitable Trust and the May Smith Trust. Avery held those positions since early 2002 and received yearly compensation in the amount of \$600,000 in trustee fees for his role as trustee and fiduciary to the trusts.

According to the U.S. Attorney's office, in early 2005, Avery and another businessman became interested in a government contract which would have required the purchase and financing of several executive jet aircraft.

The U.S. Attorney's office said that for Avery to acquire a multi-million dollar loan for his business ventures, the trustees of the May Smith Trust pledged the U.S. Treasury Notes of the May Smith Trust as collateral. In exchange for the loan, the trustees of the May Smith Trust received heavily discounted and free jet service.

The U.S. Attorney's office said the \$52 million loan arrangement was devoid of any reasonable business measures to protect the interests of the trust, and that Avery used the assets of the May Smith Trust for his personal use with no written business plan, no controls over how the money was to be spent, no collateralization, no terms written as to the source of repayment, no timetable for repayment of principle or contract for use of the funds. The U.S. Attorney's office said Avery used some of the funds for personal items such as World War II-era fighter planes, a 47-foot yacht, motorhomes and snowmachines, among other items.

Avery was also owner/operator of Avery and Associates LLC, Security Aviation Inc., and Regional Protective Services LLC, located in Midtown Anchorage.

Avery's companies were engaged in, among other things, air charter services, aeromedical evacuation, legal services, development of real property, and court-imposed electronic monitoring.

"This is the largest money laundering investigation in the state of Alaska's history," according Terry Zeznock, a supervisory special agent for the IRS's criminal investigation division.

The FBI, IRS and other federal agencies raided Security Aviation and the offices of Avery in February 2006, after the crash of a Czech-built fighter jet in Ketchikan a month earlier. The crash killed the pilot, who was also a pilot for the U.S. Customs Office. The pilot ejected, but did not survive, shortly before the jet slammed into a trailer park injuring three people on the ground.

Security Aviation is currently in U.S. Federal Bankruptcy Court. According to attorney Cabot Christianson, who is handling the bankruptcy, the case is preceding with a liquidation plan.

"The core of the operation of Security Aviation will be sold as a business, but the (aircraft) assets will be liquidated," Christianson said. "We knew that this plea was a possibility, but there are many goofy aspects to Avery's cases. Not all the apples have fallen from the tree yet."

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