

Dreier Gets 20 Years in \$700 Million Fraud

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Marc S. Dreier, once a high-flying New York lawyer who orchestrated an elaborate fraud scheme that bilked hedge funds and other investors of \$700 million, was sentenced on Monday to 20 years in prison by a judge who rejected the government's request for a much longer sentence, The New York Times's Benjamin Weiser reported.

Prosecutors had recommended a sentence of 145 years, just five years less than was successfully sought last month in the case of Bernard L. Madoff for his multibillion-dollar Ponzi scheme.

But the judge, Jed S. Rakoff of Federal District Court in Manhattan, distinguished Mr. **Dreier**'s case from Mr. Madoff's, in which prosecutors have said there were thousands of victims and billions of dollars in losses.

By contrast, the judge referred to Mr. **Dreier**'s victims, including a small group of hedge funds and other investors — who lost about \$400 million — as well as hundreds of employees who lost their jobs when his law firm collapsed.

“Mr. **Dreier** is not going to get much sympathy from this court, Judge Rakoff said, “but he is not Mr. Madoff from any analysis, and that's why I can't understand why the government is asking for 145 years.

In carrying out his scheme, Mr. **Dreier** sold fake promissory notes to the hedge funds and other investors. He created phony financial statements and accounting documents, and paid people to impersonate others to trick prospective investors into believing the notes were genuine.

Mr. **Dreier**'s case exploded into public view in December, when he was arrested in Toronto after trying to impersonate an employee of the Ontario Teachers' Pension Plan in an attempt to sell a fake note for millions of dollars.

Prosecutors have also said that Mr. **Dreier**, 59, a graduate of Yale University and Harvard Law School, stole more than \$46 million from his clients.

Mr. **Dreier** pleaded guilty in May to all eight charges in the indictment against him, which included conspiracy, securities and wire fraud and money laundering. When Judge Rakoff asked on Monday whether the government's request for 145 years was serious, a federal prosecutor, Jonathan R. Streeter, replied, “We're serious about asking for a sentence of life imprisonment.

When the judge pressed him, Mr. Streeter said that a term of 30 years would accomplish that goal.

Mr. Streeter cited what he called “the unbelievable abuse of trust that occurred in this case.

He also cited the judge's own comments when Mr. **Dreier** pleaded guilty, that Mr. Dreier had “shown that he is to be ranked with those who have committed some of the most egregious

frauds in history, and that he had “disgraced the honorable profession of law.

Mr. Streeter also reiterated the government’s position that Mr. **Dreier** had used the proceeds of his scheme to finance a lavish lifestyle. He owned a luxury apartment on the Upper East Side, properties in the Hamptons, a valuable art collection, expensive cars and an \$18 million yacht, documents show.

Mr. **Dreier**’s lawyer, Gerald L. Shargel, had recommended a sentence of 10 to 12 ½ years. Of the government’s proposed punishment, he told the judge that the idea that there has to be “shock and awe of such epic proportions is not necessary.

“It may be a fraud of epic proportions, Mr. Shargel said. “I don’t minimize it in any way. But he said that it was “not the worst of human behavior.

Mr. **Dreier**, wearing a dark suit and showing no obvious emotion, rose at one point and offered an extensive apology to his family, his clients and the lawyers who worked for him. “I’m sorry, deeply sorry, for the harm and the sadness that I have caused to so many people, he said.

He also cited a letter that he wrote to Judge Rakoff last week, and said that he hoped that the victims of his crimes would read it or “hear me now, and feel his shame and get some satisfaction.

In the letter, he said that he began stealing in 2002, taking money from the settlement proceeds that were owed to a client.

He said that he had hoped to repay the money quickly. But instead, he wrote, he stepped into “a quicksand of spending, and found himself “running a massive Ponzi scheme with no apparent way out.

Prosecutors have said that Mr. **Dreier** earned about \$400,000 a year before he began committing his crimes; Mr. **Dreier**, in his letter, said that colleagues and clients were doing “better financially and seemingly enjoying more status, and that he felt “crushed by a sense of underachievement.

In the classic form of a Ponzi scheme, Mr. **Dreier** used some of the proceeds of his sales of fake notes to pay earlier investors. The victims of his fraud suffered more than \$400 million in actual losses, prosecutors have said.

“I can’t remember or imagine why I didn’t stop myself, Mr. **Dreier** wrote. “It all seems so obviously deplorable now.

“I recall only that I was desperate for some measure of the success that I felt had eluded me, he wrote, adding: “I lost my perspective and my moral grounding, and really, in a sense, I just lost my mind.

Mr. **Dreier** was ordered to begin serving his sentence immediately.

