



U.S. Seeks 400-Year Prison Term for Okun in \$126 Million Fraud

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By Erik Larson

July 29 (Bloomberg) -- U.S. prosecutors urged a judge to sentence convicted conman **Edward Okun** to 400 years in prison for using his tax-deferral company, 1031 Tax Group LLC, to steal \$126 million from customers.

The request is justified by Okun's "almost pathological greed and his total disregard for the plight of his victims," Assistant U.S. Attorney Michael Dry said in papers filed in federal court in Richmond, Virginia.

"No expense was too great for Okun, because he constantly spent his victims' money in his own version of Lifestyles of the Rich and Famous," Dry said in the filing, citing Okun's 131-foot yacht, multimillion-dollar homes, a jet, a helicopter and a \$56,252 dinner bill with friends in the Bahamas in 2007, which included shots of cognac for \$1,008 each.

Jurors in March found the 58-year-old former Miami resident guilty of conspiracy, wire fraud, money laundering, smuggling and perjury following a three-week trial. Some of Okun's estimated 300 victims will speak at a two-day sentencing hearing scheduled to begin Aug. 4.

Okun last week objected to the government's sentence request, arguing that 10 to 15 years in prison is sufficient. He cited **Bernard Madoff's** 150-year sentence in June for running a \$65 billion Ponzi scheme, and **Marc Dreier's** 20-year sentence earlier this month for defrauding hedge funds of more than \$400 million. Prosecutors sought 145 years for Dreier.

'Infamous' Defendants

The U.S. request "is simply not justified when compared with other infamous fraud defendants who were recently sentenced," Okun said in his filing. "This kind of action is rarely done by this court and this case is not so unique as to justify such a sentence."

Dry argued Okun's fraud was worse than others, because his victims thought they were using a risk-free service. The tax-deferral industry temporarily holds real-estate sale proceeds for a fee under section 1031 of the U.S. tax code, allowing customers to defer taxes when similar properties are bought within 180 days.

"Unlike other recent high-profile fraud prosecutions, Okun's victims never asked the defendant to invest and risk their money," Dry said in the filing last week. Instead of holding the money in banks, Okun used it as a "personal piggy bank," including financing a divorce and buying jewelry for his new wife, Dry said.

Okun's Expansion

Okun expanded the Richmond-based company in 2006 and 2007 by buying competitors and gaining access to their deposits. The company filed for bankruptcy in May 2007 and is being liquidated in U.S. Bankruptcy Court in Manhattan.

Lara Coleman, the former chief operating officer of Investment Properties of America, a company also owned by Okun, pleaded guilty on Jan. 6 to conspiring to commit mail and wire fraud and to making a

material false statement to investigators. She agreed to a sentence of 10 years in prison.

Robert D. Field II and [Richard E. Simring](#) also have pleaded guilty to participating in the conspiracy to defraud 1031 Tax Group customers. Field was the chief financial officer and Simring was the chief legal officer of a company set up in part to oversee both Investment Properties of America and 1031 Tax Group.

The case is U.S. v. Okun, 3:08-cr-132, U.S. District Court, Eastern District of Virginia (Richmond).

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