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FOUNDER AND FORMER CEO OF TECHNOLOGY COMPANY CONVICTED OF DEFRAUDING VICTIMS OUT OF MORE THAN \$30 MILLION

Samuel "Mouli" Cohen Defrauded Scores Of Victims, Including Vanguard Public Foundation Supporters

SAN FRANCISCO—Yesterday afternoon a federal jury convicted Samuel "Mouli" Cohen of 15 counts of wire fraud, 11 counts of money laundering, and three counts of tax evasion, United States Attorney Melinda Haag announced.

Evidence at trial showed that Cohen, 53, formerly of Belvedere, Calif., and Bel Air, Calif., falsely told prospective investors – most of whom were affiliated with Vanguard Public Foundation, the former San Francisco non-profit organization – that his company, Ecast, Inc., was about to be acquired by Microsoft. Based on those false representations, victims purchase more than \$6 million of Cohen's founders' shares in Ecast. Cohen falsely represented that this investment would provide an opportunity for the investors to contribute a substantial amount of the profits to the Vanguard Public Foundation non-profit organization.

Over time, however, Cohen falsely told investors that first United States regulators, and later European Union regulators, were delaying the approval of the acquisition. Cohen falsely claimed that the investors needed to pay their share of the fees and to post bonds held in escrow to assure the acquisition was completed, or the investors would lose their prior investment. Cohen falsely told the investors that other, larger investors – such as various Silicon Valley venture capital firms – also were paying their pro rata share of these bonds and fees. In addition to their initial \$6.2 million dollar investment, over the course of approximately three years scores of investors paid \$25 million toward this purported acquisition based on Cohen's false representations about the non-existent acquisition of Ecast.

In fact, as Cohen knew, there never was any actual or potential acquisition of Ecast by Microsoft. Instead, evidence showed that while pulling in millions of dollars from this fraudulent scheme, Cohen spent money on, for example, more than \$6 million on private jet rentals, hundreds of thousands of dollars worth of jewelry, a Rolls Royce, an Aston Martin, a Jaguar, numerous luxury vacations to destinations such as Italy, the south of France, and the Caribbean, and \$15,000 per month to rent a home in Belvedere, Calif. Finally, despite collecting tens of millions of dollars from victims and spending huge amounts to live a lavish lifestyle, Cohen reported almost no income on his tax returns and paid zero taxes.

The three-week jury trial was held before United States District Judge Charles R. Breyer. The jury found Cohen guilty of 15 counts of wire fraud, 11 counts of money laundering, and three counts of tax evasion. The jury acquitted Cohen of four counts of wire fraud and two counts of money laundering. After the jury's verdict, Judge Breyer remanded Cohen into custody.

Cohen was indicted by a federal grand jury on July 15, 2010, and charged with 19 counts of wire fraud and 13 counts of money laundering. That Indictment was unsealed when Cohen was arrested in southern California on Aug. 5, 2010. On Aug. 2, 2011, a federal grand jury returned a Superseding Indictment against Cohen, adding three counts of tax evasion.

Judge Breyer scheduled sentencing for Cohen for Feb. 1, 2012, in San Francisco. The maximum statutory penalty for each of the 15 counts of wire fraud, in violation of Title 18, United States Code, Section 1343, is 20 years in prison, a fine of the greater of \$250,000 or double the gross gain from the offense, restitution to victims, and three years of supervised release. The maximum penalty for each of the 11 counts of money laundering, in violation of Title 18, United States Code, Section 1957, is 10 years in prison, a fine of the greater of \$250,000 or double the amount of criminally derived money, and three years of supervised release. The maximum penalty for each of the three counts of tax evasion, in violation of Title 26, United States Code, Section 7201, is five years in prison and a fine of \$250,000. The sentence will be imposed, however, after the Court considers the United States Sentencing Guidelines and the federal statute governing the imposition of sentences, Title 18, United States Code, Section 3553.

Hallie Mitchell and Doug Sprague are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Beth Margen and Rayneisha Booth. The prosecution is the result of a one-year investigation by the Internal Revenue Service–Criminal Investigation and the Federal Bureau of Investigation.

Further Information:

Case #: 10-0547 CRB

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Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by email at Jack.Gillund@usdoj.gov.

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