



# Department of Justice

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Northern District of California

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FOR IMMEDIATE RELEASE

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**FORMER PRESIDENT AND EXECUTIVE DIRECTOR OF VANGUARD  
PUBLIC FOUNDATION  
SENTENCED TO 40 MONTHS IN PRISON FOR FRAUD AND MONEY  
LAUNDERING**

SAN FRANCISCO – Hari J. Dillon, the former President and Executive Director of the Vanguard Public Foundation, was sentenced today to 40 months in prison for diverting funds directed for the benefit of the Vanguard Public Foundation to his own purposes, United States Attorney Melinda Haag announced.

Dillon pleaded guilty in July 2010 to wire fraud and money laundering. According to the plea agreement and trial testimony in *United States v. Samuel “Mouli” Cohen* (CR 10-0547 CRB), Dillon met Mouli Cohen (aka Samuel Cohen) in approximately August 2002. Cohen presented Dillon with an investment opportunity through which Dillon and others associated with the Vanguard Public Foundation – a non-profit charitable organization – could purchase Cohen’s founder’s shares in his company, Ecast, which Cohen falsely claimed was soon to be acquired by Microsoft. According to Cohen, this would allow Dillon, Vanguard donors, and Vanguard to reap substantial profits after the acquisition of Ecast.

From late 2002 through mid-2003, individuals associated with Vanguard, including Dillon, paid more than \$6 million to Cohen to purchase some of Cohen’s founder’s shares in Ecast. During the ensuing years, Cohen claimed the acquisition was suffering various delays by United States and European regulators, and that the investors

had to pay additional bonds and fees to maintain their stake in the deal. From approximately late 2004 through 2007, individuals associated with Vanguard contributed more than an additional \$25 million purportedly to cover these fees. In fact, there never was any such acquisition.

Dillon admitted that while soliciting and collecting these fees, he defrauded various victims by intentionally failing to tell them that he intended to and did use some of their contributions for his own personal expenses. For example, according to his plea agreement, Dillon used approximately \$60,000 to pay his American Express bills. In addition, the government noted in connection with sentencing that Dillon used victim money toward luxury hotel expenses, fine dining, limousine travel and other personal expenses. In all, Dillon admitted that of the tens of millions he solicited and collected for this investment, most of which he passed on to Cohen, Dillon skimmed not less than \$2.5 million, defrauding his victims out of that amount.

Dillon, 64, formerly of San Francisco, was charged by Information in June 2010. He was charged with two counts of wire fraud and two counts of money laundering. He pleaded guilty to all four counts.

In November 2011, after a one-month trial, a federal jury convicted Samuel “Mouli” Cohen of 15 counts of wire fraud, 11 counts of money laundering, and 3 counts of tax evasion. Dillon testified at that trial. In April 2012, Cohen was sentenced to 264 months in prison. He is currently in custody, and he has appealed his convictions and sentence.

The sentence was handed down by United States District Court Judge Charles R. Breyer. Judge Breyer also sentenced Dillon to a three-year period of supervised release following his prison term. The parties are scheduled to appear before Judge Breyer on Feb. 19 to discuss a date for Dillon to surrender to serve his prison sentence.

Hallie Hoffman and Doug Sprague are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Rayneisha Booth and Beth Margen. 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 #: 10-0500 CRB

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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