Former activist gets prison in Calif. for fraud

PAUL ELIAS - Associated Press - Associated Press

A former social activist convicted of defrauding a California charity backed by celebrities Danny Glover and Harry Belafonte was sentenced Tuesday to three years and four months in prison.

U.S. District Court Judge Charles Breyer also ordered Hari Dillon to pay back the victims of his $2.5 million fraud, which contributed to the financial collapse of the Vanguard Public Foundation.

The charity was launched in 1972 and distributed grants to a wide-range of social causes, often on the far left on the political spectrum, such as anti-war movements. It funded the first battered woman's shelter in California.

Dillon was in line for a 7-year prison sentence after pleading guilty to a fraud charge last year. But the judge ordered the lighter sentence because Dillon helped investigators uncover an even bigger scam operated by Samuel "Mouli" Cohen.

Cohen was sentenced in April to 22 years in prison for operating a $30 million Ponzi scheme that victimized the foundation.

A federal jury in 2011 convicted Cohen of 15 counts of wire fraud, 11 counts of money laundering and three counts of tax evasion after a three-week trial.

Prosecutors said Cohen's swindle began in the fall of 2002 when Cohen approached Glover and Dillon with a high-tech deal that he promised would enrich the foundation and them personally. Cohen told the two Vanguard leaders that Microsoft Corp. was poised to buy a company he launched called Ecast and enticed them and others to invest in the startup with personal and foundation money.

Over the years, Cohen claimed the acquisition was being held up by U.S. regulators and then their counterparts in Europe. He returned several times to the investors and recruited new ones with pleas for more money to clear the alleged regulatory hurdles. Cohen said the deal would die without the additional funds, prosecutors said.

Vanguard and many of its key donors and others invested at least $30 million with Cohen when the deal was exposed as a scam and it turned out Microsoft never had any interest in Ecast.

During that time, prosecutors allege, Dillon siphoned about $2.5 million of foundation and donor funds meant for the Ecast deal.

Prosecutors said Dillon spent the money in the Bay Area's best restaurants, on rooms in luxury hotels and for a down payment on a San Francisco penthouse

apartment.

Prosecutors say Dillon readily admitted to the scam when first approached by authorities investigating the foundation in 2010. Since then, they said he has helped them build a case against Cohen, including testifying at his three-week trial. They say Dillon was duped by Cohen and believed he could pay back the embezzled funds once the nonexistent Ecast deal closed.

Still, the judge rejected the government's suggestion that Cohen be sentenced to only 2 ½ years after receiving numerous letters and listening to several victims testify about how he ruined their financial lives.

"He is neither hero nor victim," said Cindy Woods, who said she and her family lost their savings with Dillon.

"I am deeply remorseful," Dillon told the judge Tuesday. "I truly and sincerely apologize for my wrongdoing."

The judge also allowed Dillon to remain free for another two weeks so he can give testimony in connection with a lawsuit filed against Cohen.

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