



*United States Attorney
Southern District of New York*

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**MARC DREIER, MANAGING PARTNER OF NEW YORK LAW FIRM
DREIER LLP, ARRESTED FOR \$100-MILLION INVESTMENT FRAUD**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that MARC DREIER, the Managing Partner of New York law firm Dreier LLP, was arrested late yesterday on charges stemming from a \$100 million fraud against various hedge funds. The criminal Complaint unsealed today in Manhattan federal court alleges, in summary:

DREIER is the founder and managing partner of Dreier LLP, a law firm of more than 250 attorneys with its principal office in New York City and additional offices in Los Angeles and elsewhere in the country.

In early October 2008, DREIER told personnel at a Connecticut hedge fund that a New York City real estate development company (the "Developer") had a "note program" by which the Developer sold promissory notes to investors. DREIER stated that certain investors who had originally purchased such notes wanted to sell them because they needed cash due to the recent financial crisis; that he represented both the selling investors and the Developer; and that the Connecticut hedge fund could purchase those notes at a significant discount. DREIER subsequently sent the hedge fund purported audited financial statements of the Developer and certain of its affiliates. In late October 2008 the hedge fund wired approximately \$13.5 million to an account controlled by DREIER (the "Dreier Account") in payment for a \$25 million dollar face value note purportedly issued by the Developer.

DREIER also negotiated with another, New York-based hedge fund in October 2008; that hedge fund too agreed to buy notes purportedly issued by the Developer and ultimately wired approximately \$100 million to the Dreier Account in payment for the purported notes. During the course of the negotiations with the New York hedge fund, DREIER arranged a conference call with

hedge fund personnel and an individual represented to be the Developer's CEO. However, the Developer's CEO has advised, among other things, that the Developer did not issue any of the notes described; that his signature on certain of the purported promissory notes was a forgery; and that he did not participate in a conference call with the New York hedge fund.

On December 2, 2008, DREIER was arrested in Toronto, Canada, by the Toronto City Police for impersonating an employee of a Canadian entity in connection with the sale to a third hedge fund of notes with a face value of over \$40 million. Criminal Investigators of the United States Attorney's Office arrested DREIER on the U.S. charges at LaGuardia Airport when he returned to New York last night. DREIER is expected to be presented before a United States Magistrate Judge in the Southern District of New York later today.

The Complaint unsealed today charges DREIER with one count of securities fraud and one count of wire fraud. The securities fraud count carries a maximum sentence of 20 years in prison and a fine of \$5 million. The wire fraud count carries a maximum sentence of 20 years in prison and a fine of the greater of \$250,000 or twice the gross gain or loss from the offense.

DREIER, 58, currently resides in New York, New York.

Mr. DASSIN praised the work of the Criminal Investigators of United States Attorney's Office and thanked the United States Securities and Exchange Commission for its assistance in the case.

"Marc Drier allegedly used his law license and his access to institutional investors to perpetrate a brazen fraud," said Acting United States Attorney LEV L. DASSIN. Mr. DASSIN added that the investigation is continuing.

Assistant United States Attorneys RAYMOND J. LOHIER, JONATHAN R. STREETER, and ANNA E. ARREOLA are in charge of the prosecution.

The charges and allegations contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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