

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, January 3, 2018

Former Executive Managing Director of Och-Ziff Capital Management Indicted for Defrauding Client and Obstruction of Justice

Former Hedge Fund Executive Sought to Defraud Charitable Foundation and Cover Up Fraudulent Self-Dealing from Federal Investigators

A former executive managing director of Och-Ziff Capital Management Group LLC (Och-Ziff), a New York-based hedge fund, was charged in an indictment unsealed today for his alleged participation in a scheme to defraud one of the hedge fund's clients, a large charitable foundation, when recommending financial investments relating to the African mining sector.

Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division, Acting U.S. Attorney Bridget M. Rohde of the Eastern District of New York, Assistant Director in Charge William F. Sweeney Jr. of the FBI's New York Field Office and Special Agent in Charge James D. Robnett of the Internal Revenue Service-Criminal Investigation's (IRS-CI) New York office made the announcement.

Michael Leslie Cohen, 46, of London, England was charged with one count of conspiracy to commit investment adviser fraud, one count of investment adviser fraud, one count of conspiracy to commit wire fraud, four counts of wire fraud, one count of conspiracy to obstruct justice, one count of obstruction of justice and one count of making false statements. The indictment was returned under seal by a federal grand jury sitting in Brooklyn, New York on Oct. 5, 2017, and relates to Cohen's alleged conduct between 2008 and 2013.

The indictment alleges that, beginning in or about 2008, Cohen and his co-conspirators carried out a scheme to defraud an Och-Ziff client, a large charitable foundation. According to the indictment, Cohen violated his fiduciary duties to the charitable foundation by making material misrepresentations and concealing conflicts of interest in connection with a proposed investment in an African mining company. The indictment alleges, among other things, that Cohen failed to disclose to the charitable foundation that one of the sellers of the African mining company shares owed Cohen millions of dollars on a delinquent \$18 million personal loan that Cohen had made to the seller to finance the purchase of a luxury yacht. The seller allegedly paid approximately \$4 million of the African mining company share proceeds to Cohen in repayment of the personal yacht loan. Cohen did not disclose to the charitable foundation that he had a personal interest in the African mining company and that a portion of shares he controlled would be sold as part of the transaction, the indictment alleges.

In addition, the indictment alleges that in order to conceal his fraudulent scheme and self-dealing, Cohen conspired with others to cover up facts about the transaction after the U.S. Securities and Exchange Commission (SEC) began investigating Och-Ziff in 2011. Cohen and others allegedly engaged in a number of acts to obstruct investigations, including concocting a false, backdated letter and making false statements to federal agents and the SEC.

The charges in the indictment are merely allegations, and the defendant is presumed innocent unless proven guilty beyond a reasonable doubt in a court of law.

The FBI's New York Field Office and IRS-CI's New York office are investigating the case. Trial Attorney Gerald M. Moody Jr. of the Criminal Division's Fraud Section and Assistant U.S. Attorneys

David C. Pitluck, James P. McDonald, a former Fraud Section trial attorney, and Jonathan P. Lax of the Eastern District of New York are prosecuting the case. The Criminal Division's Office of International Affairs provided significant assistance in this matter. The Department appreciates the significant cooperation and assistance provided by the SEC's Boston Regional Office in this matter.

Component(s):

Criminal Division

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