



# Department of Justice

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## **CONVICTED CON MAN RECEIVES AN ADDITIONAL EIGHT-MONTH SENTENCE FOR FAILING TO APPEAR IN COURT**

SACRAMENTO, Calif—United States Attorney McGregor W. Scott announced today that MICHAEL F. EGAN, 63, of Sacramento was sentenced today by United States District Judge Lawrence K. Karlton to an eight-month term in prison, to be served consecutively to the 70-month term he had already received for his role at the head of a mail-fraud scheme. The defendant pleaded guilty to failing to appear for court proceedings relating to the fraud case against him on February 5, 2008.

The original charges were the product of an extensive joint investigation by the FBI and IRS-Criminal Investigations, alleging that EGAN was the main figure behind a fraudulent high-yield investment scheme that cost investors millions of dollars. EGAN was indicted in 2003 on multiple counts of mail fraud, money laundering, and the filing of false tax returns.

According to Assistant United States Attorney Philip Ferrari, who prosecuted the case, EGAN operated the scheme through a variety of companies that he formed: Philanthropic Charities, Inc., Philanthropic Charities International, Ltd., and PCI, Ltd. (collectively, "PCI"). EGAN described PCI to investors as a nonprofit entity that offered various investment opportunities, including "charitable annuities." These annuities offered fixed-interest rates of 15 to 20 percent, annual bonuses of up to seven percent, and claimed to be risk-free. In all, EGAN and his sub-promoters were able to collect more than \$8 million between 1997 and 2000.

In fact, EGAN's representations were false. Much of the money was never invested but went right back to early investors as Ponzi payments or into the pockets of EGAN and his sub-promoters. The funds that EGAN did invest appear to have been lost. Despite the nonexistence of the investments, EGAN persisted in sending out regular account statements to investors that falsely reported incredible returns. When confronted by investors about the lack of promised payments, EGAN provided various excuses to keep them from discovering the nature of the fraudulent scheme.

During the pendency of the case against EGAN, he was able to secure his release pending trial when his mother offered to post her home as security for a \$350,000 bond. As a condition of his release, EGAN promised to make all required court appearances. EGAN fired two attorneys and sought multiple continuances of his case, but finally entered guilty pleas to one count each of mail fraud and filing a false income tax return on October 10, 2006.

Soon after entering his guilty pleas, however, he filed a motion to withdraw his plea, challenged the jurisdiction of the court, and moved to North Carolina without notifying the court, in violation of his conditions of pre-trial release. He failed to appear at the hearing set for his motion to withdraw his plea on May 22, 2007. Through his attorney, he promised to appear at a second hearing, set for May 24, 2007. Once again he failed to appear and a warrant issued for his arrest. After the government moved to forfeit his mother's property, EGAN returned. His motion to withdraw his plea in the fraud matter was denied, and he was sentenced to 70 months in prison, restitution of \$6.8 million, and a three-year term of supervised release.

EGAN was subsequently indicted for failing to appear, and he was sentenced on that matter today. By law, the eight-month sentence he received will be served consecutively, or in addition to, the 70-month sentence handed down in the fraud case.

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