

News Release

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LOCAL BUSINESSMAN ENTERS GUILTY PLEA TO BANKRUPTCY FRAUD

Reed J. Bowen, Jr., 50, of Meridian, Idaho, pled guilty today in United States District Court in Boise to one count of bankruptcy fraud, the U.S. Attorney's Office announced.

Bowen admitted that in 2004, he committed a scheme to defraud his creditors and the bankruptcy trustee. Bowen disclosed in bankruptcy that he had only a lease on his Meridian home and fraudulently failed to disclose a Real Estate Agreement and Contract for Deed that granted him an exclusive right to purchase the home for a fixed price. Bowen purchased the home, pursuant to the contract, shortly after bankruptcy and immediately obtained substantial equity in the home. Bowen's bankruptcy disclosures also included an interest in a McCall cabin, however, Bowen fraudulently inflated the mortgages against that cabin and thus underrepresented his equity in it. He sold the cabin while in bankruptcy and netted substantial equity from the sale. In the bankruptcy proceedings Bowen discharged over \$3 million in unsecured debt so he could finalize the purchase of his Meridian home. The United States agreed to dismiss additional charges pending against Bowen arising out of his bankruptcy in exchange for his guilty plea.

"Over the past five years, bankruptcy filings have averaged 1.37 million annually, with the IRS a party to approximately 40 percent of these filings. The detection and prosecution of bankruptcy fraud continues to be a priority for the IRS, as well as the Department of Justice," said IRS Special Agent in Charge Christopher M. Sigerson.

"Fraudulent conduct in bankruptcy results in serious consequences which undermine public confidence in the system, and taint the reputation of honest citizens seeking protection under the bankruptcy statutes," said Thomas E. Moss, United States Attorney.

Sentencing is set for January 19, 2010, before U.S. District Judge Edward J. Lodge in Boise.

The federal charge carries a maximum statutory penalty of five years in prison and a \$250,000 fine. Any sentence following conviction, however, would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

The case was investigated by the Internal Revenue Service, Criminal Investigation Division, in cooperation with the United States Trustee Program.