



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
Erick Martinez, Special Agent in Charge

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Prepared by: Special Agent Linda Lowery, Public Information Officer
Email: linda.lowery@ci.irs.gov
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Orange County Business Owner Sentenced to 51 Months in Federal Prison for Defrauding Investors of Over \$5 Million

SANTA ANA – The president of two real estate development companies with projects in Lake Havasu City, Arizona was sentenced this morning by United States District Judge Josephine L. Staton to 51 months in federal prison for defrauding investors of more than \$5 million.

Michael J. Bowen, 61, of Orange County--owner and president of Eagle Storage and Development, LLC (ES) and Eagle Development Enterprises, Inc. (ED)--was further ordered by Judge Staton to pay restitution of \$5,008,500 and spend three years on supervised release following his prison term.

In November of 2013, Bowen pleaded guilty to mail fraud and filing a false tax return.

According to documents filed with the court, from approximately 2003 to 2009, Bowen raised at least \$28 million from approximately 500 investors through the unregistered offer and sale of securities in ES and ED.

Bowen hired unregistered sales agents to make cold calls to prospective investors throughout the United States regarding the opportunity to purchase securities in ES and ED, often providing sales agents with lead lists and scripts to facilitate their work. Bowen directed the sales agents to make material misrepresentations and omissions to prospective investors, such as a guaranteed 8% annual return, inflating the value of assets owned by the entities, and telling investors about an imminent public offering.

Although claiming to use the investor funds to acquire real estate, build assisted living facilities and pay operating costs, Bowen misappropriated over \$5 million in

investor funds to pay his own personal expenses. Bowen used over \$800,000 for the construction of a personal residence, \$1 million to purchase shares in Air Kauai, approximately \$170,000 for the purchase of luxury cars and motorcycles, approximately \$34,000 for trips to Costa Rica and Hawaii, and contributed about \$50,500 to the Republican Party. The investors were never informed the proceeds from their investments would be used for these purposes.

As part of the plea agreement, Bowen further admitted that for the 2005 tax year, he filed a false US Individual Income Tax Return failing to report \$2,465,000 in taxable income.

Bowen is scheduled to begin his prison term on September 29, 2014.

The investigation of Bowen was conducted by the Federal Bureau of Investigation and IRS Criminal Investigation.

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United States Attorney's Office contact:

Assistant United States Attorney
Gregory W. Staples
(714) 338-3535