

# Exhibit C

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Dear Judge Rakoff,

Please consider this letter in connection with my sentencing on July 13, 2009.

I know of course that no words can diminish the harm I have caused to so many people. Those who were victimized by my bogus loans lost millions of dollars. Clients of my law firm lost escrow funds they entrusted to me. The attorneys and staff at my firm who put their faith in me lost their jobs. My friends and colleagues have been tainted by their association with me. And the families of all these people have no doubt shared in the suffering – as has my own family. My children have lost the father they knew, as well as their good name and the happiness they deserve. I have betrayed the people I care about most, and I suffer every day from the shame and self-loathing and regret with which I will always have to live.

My crimes are inexcusable. I expect and deserve a significant prison sentence. Nevertheless, I am writing to give some context to what I did – certainly not to minimize my crimes but to try to explain how a person with my background and advantages came to do the unconscionable. Perhaps in learning how I made these terrible decisions which have ruined my life, others may avoid such mistakes. I have requested that my attorneys file this as an open letter, available in the public record, in the hope that it may do some good as a warning to others not to follow in my path.

I was raised in New York by a loving family, in a comfortable home. I always succeeded in school. I attended Yale College and Harvard Law School. After law school I spent 20 years in several prominent law firms, first as an associate, then as a partner. I performed well, but I was achieving less satisfaction and recognition than I expected. Colleagues of mine and certainly clients of mine were doing much better financially and seemingly enjoying more status. By my mid-forties I felt crushed by a sense of underachievement.

So I started my own firm in 1996. My intention was to try to attract lawyers who, like myself, were dissatisfied with large firms and were looking for a more gratifying way to have a sophisticated practice. I had virtually no cash and very few clients, but I was able to grow the firm modestly over the next few years by investing my life in it.

I had planned poorly, however, for the expenses. I couldn't get bank loans without better credit or collateral, so I was funding the firm partially with advances from some clients but primarily through "factors" who charged exorbitant fees and interest and were highly intrusive in monitoring the firm's accounts. By 2001 I was deeply in debt.

In January 2002, my wife sued for divorce. I had been married for 15 years. We have two children. We entered into a settlement agreement under which I took on financial obligations to her and our children which were actually far more than I could afford. I believed that my fledgling law firm could not survive a contested divorce.

All of this left me feeling overwhelmed – by my debt, by a disappointing career, by a failed marriage. And so, incomprehensibly, in 2002 I started stealing. First, I invaded some settlement proceeds due a client. Then I arranged a few bogus investments with some individuals. And soon I stumbled upon the brazen idea of arranging fictitious loans from hedge funds, ostensibly to my principal client (the real estate developer referenced in the Indictment), and diverting the loan proceeds to myself.

As I sit here today, I can't remember or imagine why I didn't stop myself. It all seems so obviously deplorable now. I recall only that I was desperate for some measure of the success that I felt had eluded me. I felt that my law firm was my last chance to make a mark for myself, and I was fearful of seeing it fail. I know of course that this amounted to nothing more than self-pity, but this was my state of mind when I became a criminal. I gave in to being overwhelmed by the anxieties of life that we are all expected to cope with every day, and most people do, but I just could not manage to do so. I had no one close to me with whom I could talk. I had isolated myself, both personally and professionally. I lost my perspective and my moral grounding, and really, in a sense, I just lost my mind.

At the beginning, I spent most of the money on growing the law firm. Much of the money also went to servicing the "debt" itself. But, as time went on, I was more and more self-indulgent. I bought extravagant things – a beach house, an apartment, a boat, expensive art. Obviously, other men suffer through divorce and "mid-life crisis" and manage not to steal. And, other people grow their business without resorting to crime. I just wasn't in control of myself.

It is hard to explain how my crimes in 2002 reached the level that they did by 2008. Certainly I never intended when this began to steal on the scale I eventually did. I took the first money thinking that I could and would repay it shortly with revenue derived from the law firm. Soon, however, I exhausted the money, and it was evident not only that I would be unable to repay the initial "loans" but that I would need more.

I had stepped in a quicksand of spending. By 2008 I had hired over 250 lawyers and opened additional offices in Los Angeles, Pittsburgh and Connecticut. The expenses were more and more uncontrollable, and the "loans" became more and more expensive. As the credit markets worsened, hedge funds were demanding much higher interest rates and, in many cases, substantial discounts to principal. In some cases, when I desperately needed new money to pay back loans becoming due, I was selling loans for 60-65 cents on the dollar, meaning that I was paying back far more principal than the hedge funds were actually paying me, which obviously was dramatically deepening the hole I was in.

In this way, without ever actually planning to, I found myself running a massive Ponzi scheme with no apparent way out. No doubt as is typical in Ponzi schemes, there was always the

unrealistic expectation, or at least the hope, that I could use the “borrowed” money to eventually make it all work out. Obviously, and predictably, I was unable to do so.

When I was no longer able to pay off old “loans” to the real estate developer by creating new ones, I placed a few other fictitious loans, in much the same manner, by using instead as the purported borrower a Toronto pension fund that I had once represented. Finally, when there were no loans I could invent, I began to pull money again from a few of the firm’s escrow accounts, knowing of course that it was terribly wrong but still thinking that I could somehow restore the funds in short order. Typically, I did restore this money, but in early December 2008 I was unable to restore about \$40 million to one such client account as the due date for its disposition was nearing. As a result, I engaged in the most desperate and irrational act yet – impersonating an attorney from the pension fund in Toronto in order to “close” a loan from a hedge fund which would have given me the funds to return the escrow money. I knew very well that this time I would most likely be caught. I was caught, and that escrow money was not restored.

In some sense, being caught was a relief. I had been living a self-inflicted nightmare, scrambling every day to sustain the charade. I had three “full time” jobs: First, I was managing a large active law firm, with all the daily challenges that come with such responsibility. Second, I was head of the firm’s litigation department, with a very heavy active practice and caseload of my own. Finally, I was managing a huge portfolio of fraudulent loans, which required me to constantly prepare and update bogus financial statements and loan documents, field inquiries from lenders and prospective lenders, arrange payments of principal and interest on existing loans, obtain new loans as old ones matured, and do all that was necessary to keep the scam a secret. At the same time, I was trying to spend as much time as possible caring for my son, who lived with me full-time, and my daughter, who lived about half the time with each parent. It was all I could do to get through each day, and each day it got harder. It was a frantic life which I had created for myself, and it left me exhausted and impaired.

Your Honor has rightfully observed that as a lawyer I have dishonored the legal profession, and I am very painfully ashamed of that. My whole ambition in life was to be a lawyer who would distinguish himself and honor the profession. Over the course of 33 years of practice, I represented many clients well and devotedly. I made my work as a lawyer the center of my life.

Obviously, I then strayed very far from those goals. I lost myself to my ambition and sacrificed everything else.

Recently, I have had the opportunity to read the letters sent to the Court by the victims of my offense. I am shamed by these letters. During the time I was committing my fraud, I tried to convince myself that I was hurting only “institutions” and not “individuals” (as if that were less contemptible), because I was borrowing almost entirely from hedge funds. I knew of course then and I know now that this was all nonsense – my fraud devastated “real people” in a very real way. The letters from these individual victims show their suffering first-hand. I will only add that I believed these individuals would not be harmed, because I always made certain that there were sufficient funds still available to repay them when their money came due. At the time of

my arrest, there were in fact sufficient funds in the firm's account (over \$10 million) to repay all of these individuals. After my arrest, while I was jailed in Toronto, I instructed the controller of the firm to transfer \$10 million to a separate non-law firm account, believing that by doing so I could shield the money owed to these individuals from any competing claims until I returned to New York. As I understand it now, however, several individuals remain unpaid in the wake of the firm's collapse, and these individuals who trusted the firm I controlled have been terribly harmed. I never intended for them to lose their money, but obviously I am responsible for even the unintended consequences of my wrongdoing.

Since my arrest, I have done whatever little I can to start to make amends for my crimes. From the outset I acknowledged my guilt. I never considered putting my victims through the burden of a trial. I have also cooperated fully with the Receiver and Trustees appointed by the Court. In numerous meetings and discussions I have tried to help them identify and recover funds and other assets to start to compensate those who are owed money.

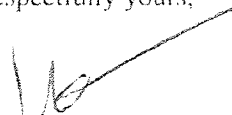
More than that, I can only explain to the people I betrayed how I came to make these mistakes and express my profound remorse. In the brief time I may have to speak at my sentencing, I hope to express my remorse to those I have hurt. Perhaps at least they will feel some degree of my shame, which I will have to live with for the rest of my life.

For me, the punishment that I receive from this Court will only be part of my sentence. I have already been disgraced beyond anything I could ever have imagined. Despite whatever good I once accomplished in my life, and what I had hoped to accomplish, I will always be remembered as a thief. I have lost all my friends. I have lost my law firm, my law license and all that I ever owned. I have seen my family suffer the unimaginable. I have lost my past and my future. I have lost everything a man can lose. And now I will lose my freedom as well, and rightly so.

All that I have left in my life is the prospect of still sharing in my children's lives, both while I am in prison and, I pray, for some time thereafter. My son is 19; my daughter is 17. We are very close. I have devastated their lives, and unfortunately nothing I do now can diminish that. I can only try to be there for them to whatever extent I can.

I don't know what gives some men the strength of character to lead virtuous lives for all of their lives, and what causes others, such as myself, to lose their way. There is no excuse whatsoever for what I have done. I have explained it the best I can. I will try to learn from this, and hopefully others will as well.

Respectfully yours,



Marc S. Dreier