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THE CINCINNATI ENQUIRER

Erpenbeck: Facade hid fractures

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Brinkman said that Phyllis Erpenbeck indicated an unwillingness to post her husband's bond, if it had been granted.

"It's not only a bad, but a poisonous, family situation here," Brinkman told U.S. District Judge Arthur Spiegel at a bond hearing Friday. Spiegel ordered Bill and Tony Erpenbeck held without bond in the Hamilton County Justice Center, where they remained Monday. Spiegel also ordered that a suicide watch be placed on both men. In the FBI affidavit filed on last week's sting, Tony Erpenbeck threatened to take his own life.

With the new charges, Bill Erpenbeck, 42, faces the possibility of an additional 20 years in prison, on top of the 30-year maximum he faces from his bank fraud conviction. Tony, who suffers from diabetes, a bad heart and arthritis, also faces 20 years behind bars. Lori, 41, who also pleaded guilty to bank fraud in connection with the Erpenbeck Co.'s 2002 collapse, faces up to 30 years in prison.

Just four years ago, the Erpenbecks appeared to be in peak form. The company owned by brothers Bill, Jeff and Gary Erpenbeck was the third-biggest home builder in Greater Cincinnati. Bill gave time and money to civic and charitable causes and hosted political fundraisers. He, his wife, Marcia, and three children lived in a \$1.3 million house in Crestview Hills.

Behind the scenes, though, trouble was brewing. Lori Erpenbeck, then in charge of the company's accounting department, was embezzling money, her lawyer said Friday. The lawyer, Patrick Hanley of Covington, said he did not have a "hard and fast" figure for what she took. "The scope of the embezzlement was not nearly as broad as

Key players in the Erpenbeck matter



Tony Erpenbeck, 69, whose five children include Bill and Lori Erpenbeck, was arrested by the FBI last week and accused of trying to persuade Lori to soften her testimony against Bill at a pre-sentencing hearing. **Status:** Held without bond at the Hamilton County Justice Center.



Bill Erpenbeck, 42, was the president of the Erpenbeck Co. before the homebuilding business collapsed under a fraud scheme in 2002. He pleaded guilty to bank fraud and could be sentenced to up to 30 years in prison for the crime. **Status:** Arrested along with his father, Tony, last week in the FBI's witness-tampering sting and held without bond at the Hamilton County Justice Center.



Lori Erpenbeck, 41, ran the Erpenbeck Co.'s accounting department and has pleaded guilty to one count of bank fraud. Key figure in last week's FBI sting against her brother and father. **Status:** Free while awaiting sentencing on the bank-fraud charge. The U.S. Attorney's Office has agreed to a reduced sentence in exchange for her testimony against Bill.

has been made out," Hanley said. "It had nothing to do with the bank fraud." The embezzlement was not part of her guilty plea.

The bank fraud began in late 1999. Erpenbeck employees, under orders from Bill Erpenbeck, started misappropriating proceeds from home sales, keeping the money instead of paying off construction mortgages and bills.

The company's denouement came in early 2002. Lori quit in January, followed by Gary, whose role for the company included land acquisition. She told the FBI that she spent the night of Feb. 2, 2002, in a hotel "because she was afraid family members might do something to her," according to an FBI statement filed in court Friday.

But two days later, accepting her father's invitation to see him alive "one last time," she went to his

house. There, the FBI document states, Bill Erpenbeck tried to persuade her to falsify company financial records. She refused, and her father collapsed. When she tried to help, her brother Bill pushed her away and blamed her for the incident, the FBI says.

Last week, according to an FBI transcript of conversations between Lori and Tony Erpenbeck, Tony said Bill was worried that Lori planned to testify, at a sentencing hearing for Bill, that Bill "said he was going to kill you." The FBI said Tony tried to persuade Lori to absorb more of the blame for the fraud scheme - for the family - while going easy on Bill.

"This is a man who would sacrifice one member of the family for a more preferred member of the family," Brinkman told Judge Spiegel. Bill further discussed Lori's re-

turn to grace with the family, according to the affidavit. Bill, the FBI said, "intimated that if she testified as he said, she would be welcomed back to the family."

Hanley said Bill and Tony's last week wasn't out of the ordinary. "Bill and Tony Erpenbeck have been intimidating and taunting this woman like this for a long time," Hanley said.

Bill Erpenbeck's lawyer, Glenn Whitaker, denied the government's assertions that Bill was a threat to his sister.

"I would submit to you that Lori Erpenbeck is a questionable person to be making these statements. She's a person who has pled guilty to fraud herself and has substantial reasons to assist the government against Bill," Whitaker said.

C. Ransom Hudson, Tony Erpenbeck's court-appointed lawyer, said the 69-year-old Erpenbeck is not a threat to anyone.

Until the Erpenbeck Co. fell in 2002, that family togetherness was most evident during Thanksgiving gatherings at Bill's house. But a



U.S. Marshal's Office

Bill Erpenbeck's family now lives in this lakefront house in Fort Myers, Fla. Erpenbeck's wife, Marcia, bought the house Dec. 12 for \$527,700. Lee County records show. Records show the purchase was financed with a \$322,700 loan from Chase Manhattan Mortgage Corp. The FBI says Bill's father, Tony Erpenbeck, contributed \$164,000 to the purchase. Records do not show the origin of the remaining \$41,000 of the purchase price.

source close to the family said the strife of the past two years killed the tradition. Still, a partial reunion took place last Christmas at Jeff Erpenbeck's home. Tony and Phyllis Erpenbeck were there, as was Rick Erpenbeck. However, Bill, Lori and Gary were not, the source said.

In spite of Tony's pleas for unity, presenting a family defense in a criminal case doesn't always succeed when several family members are charged, said Jack Chin, a for-

mer University of Cincinnati professor of criminal law now teaching at the University of Arizona.

"The theory that blood is thicker than water breaks down when people look at the possibility of serious prison time," Chin said. "The government might be saying, 'Why should you be so loyal to someone who got you into so much trouble?'"

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