



Logout (<https://businessden.com/logout/>)



(<https://businessden.com>)

Real estate investor Gary Dragul pleads guilty to fraud, agrees to 120 days in jail

 *Justin Wingerter* ([Https://Businessden.Com/Author/Justin-Wingerter/](https://Businessden.Com/Author/Justin-Wingerter/))

 *June 6, 2023*  *0*



(<https://businessden.com/2022/05/05/statute-of-limitations-behind-decision-to-drop-eight-charges-against-gary-dragul/dragul-2/>)

Denver businessman Gary Dragul pleaded guilty Monday to two felony counts of securities fraud. (*BusinessDen file*)

Minutes before his two-week trial was to begin (<https://businessden.com/2023/06/05/real-estate-investor-gary-draguls-fraud-trial-begins-monday-after-five-year-wait/>) Monday morning, local real estate investor Gary Dragul pleaded guilty to two counts of securities fraud in a deal with prosecutors.

Dressed in a fitted gray suit with a striped maroon-and-white tie and brown dress shoes, the 61-year-old sat in a quiet Centennial courtroom and admitted to operating his former business, GDA Real Estate Services, as “a fraud or deceit upon investors” on two occasions.

“This is an opportunity for a new chapter,” Dragul told an Arapahoe County judge.

The two plea agreements call for Dragul to spend a total of 120 days in Arapahoe County Jail, pay \$1 million in restitution, serve eight months of house arrest, spend a decade on probation and complete 200 hours of community service. He will be formally sentenced Sept. 15.

“This was a family decision,” Dragul told BusinessDen after the hearing. “Per the advice of my attorneys, I am not going to comment further until after sentencing.”

As part of the plea agreements, Dragul must also cooperate fully with Harvey Sender, the court-appointed caretaker overseeing his company and estate. Dragul has feuded with (<https://businessden.com/2020/06/17/dragul-contests-receivers-3m-legal-bill/>) Sender in recent years and is currently being sued (<https://businessden.com/2019/09/16/receiver-now-says-dragul-operated-business-as-ponzi-scheme-for-at-least-11-years/>) by him. A trial in that case (<https://businessden.com/2023/02/13/gary-dragul-in-a-very-seriously-bad-spot-as-trials-near/>) is set for October.

As a half-dozen miller moths flew around his Centennial courtroom Monday, Judge Joseph Whitfield quizzed Dragul on whether he wanted to admit committing the two felonies.

“Mr. Dragul, how do you plea?” he asked on two occasions.

“Guilty,” the defendant answered on both occasions.

When asked by Whitfield if he had been forced or coerced into pleading guilty, the once-prominent businessman paused for several seconds before telling the judge no.



(<https://businessden.com/2022/05/05/statute-of-limitations-behind-decision-to-drop-eight-charges-against-gary-dragul/dragul-safeway-happy-canyon/>)

The former Safeway building at the Happy Canyon Shopping Center as seen in January 2019.

Gary Dragul's company previously owned the shopping center along Hampden Avenue in southeast Denver. (*Helen H. Richardson/The Denver Post*)

Monday was scheduled to be the start of an eight-day trial, during which Assistant Attorney General Daniel Pietragallo would try to persuade jurors that Dragul, who has said for years that he is innocent (<https://businessden.com/2022/05/05/statute-of-limitations-behind-decision-to-drop-eight-charges-against-gary-dragul/>), committed one count of securities fraud. Another trial, in which Dragul was to face five more charges of securities fraud, would then occur at a later date.

Instead, Pietragallo, Dragul and his attorneys spent “considerable” time over the weekend hammering out a “complicated plea agreement,” lawyers on both sides told Whitfield.

“The parties have worked hard on this resolution. We believe it is reasonable,” Pietragallo said.

“It took us a while,” Dragul attorney Tyrone Glover said, “but we were able to expeditiously work this out. We believe that it accomplishes what the parties have set out and endeavored to get done, which means getting as much money...back to the folks who have invested.”

“Mr. Dragul also gave consideration to the bigger picture, namely the interests of his family, including an aging mother and father,” he added. “He finds that this is the most reasonable path forward, as opposed to having a trial in the next two weeks and then” a second trial.

Inside Whitfield's courtroom, there were hints of an agreement before the 8:30 a.m. hearing. A teacher from a nearby charter school, who'd brought her students to observe at Whitfield's invitation, explained what a plea hearing is. Pietragallo agreed to take the class's photo.

Dragul will not report to jail until after he is sentenced in mid-September. His \$300,000 bond will be used to pay part of his \$1 million restitution at that time. But under the plea agreement, Dragul must pay the other \$700,000 within 10 days of Monday's guilty pleas, or June 15.

Dragul was initially charged (https://dragulreceivership.com/wp-content/uploads/2018/11/2018CR1092_20180412-Colorado-State-Grand-Jury-Indictment.pdf) with nine counts of securities fraud in April 2018. But in April 2021, the Colorado Attorney General's Office was forced to drop eight of the counts (<https://businessden.com/2022/05/05/statute-of-limitations-behind-decision-to-drop-eight-charges-against-gary-dragul/>) after admitting they fell outside the state's five-year statute of limitations for securities fraud.


The remaining count was going to be the subject of the eight-day trial this week and next. Dragul was accused of lying to 18 people before they invested \$2.1 million in 2013.

Dragul's company previously owned downtown's Writer Square and the Happy Canyon Shopping Center in southeast Denver, among other assets.

In March 2019, 11 months after he was first indicted, Dragul was charged (<https://dragulreceivership.com/wp-content/uploads/2019/03/20190301-2019-CR-610-Colorado-State-Grand-Jury-Indictment-1.pdf>) with five more counts of securities fraud. Those charges accused him of defrauding investors in shopping centers in Indiana and Georgia by lying and omitting information, then commingling the investment funds and spending it on personal expenses while investors lost out.

In both cases, the government accused Dragul of working in tandem with a North Carolina man named Marlin Hershey. In an unrelated case, Hershey, 53, pleaded guilty (<https://www.justice.gov/usao-wdnc/pr/two-businessmen-plead-guilty-wire-fraud-conspiracy-orchestrating-large-scale>) to running a wire fraud conspiracy Thursday in Charlotte. He took millions of dollars from investors between 2009 and 2021 while intentionally giving them bad information.

The September sentencing will bring Dragul's criminal cases to a close but a 15-day civil trial is still scheduled to begin Oct. 23. In that case, Sender will accuse Dragul and former associates of his of operating a Ponzi scheme that took tens of millions of dollars from investors.

 **POSTED IN** » [Commercial Real Estate \(https://businessden.com/category/commercial-real-estate/\)](https://businessden.com/category/commercial-real-estate/), [Law \(https://businessden.com/category/law/\)](https://businessden.com/category/law/), [News \(https://businessden.com/category/news/\)](https://businessden.com/category/news/), [Top News \(https://businessden.com/category/top-news/\)](https://businessden.com/category/top-news/)

ABOUT THE AUTHOR: [JUSTIN WINGERTER \(HTTPS://BUSINESSDEN.COM/AUTHOR\)](https://businessden.com/author)

/JUSTIN-WINGERTER/)



Justin covers litigation, white-collar crime and other news. He is a graduate of Southern Illinois University and previously reported for The Denver Post, The Oklahoman and The Topeka Capital-Journal. Justin@BusinessDen.com

Editor's Picks



Denver startup Wolf Rigs builds \$350K Humvee camper

(<https://businessden.com/2022/11/25/denver-startup-builds-350k-humvee-camper/>)



Trio of public golf courses sell for \$17M

(<https://businessden.com/2022/11/23/trio-of-public-golf-courses-sells-for-17m/>)



Judge rejects lender's bid to foreclose on bankrupt downtown apartments

(<https://businessden.com/2022/11/21/judge-rejects-lenders-bid-to-foreclose-on-bankrupt-downtown-apartments/>)



Appeals court sides with billionaire Anschutz in \$8M tax tussle
(<https://businessden.com/2022/11/18/appeals-court-sides-with-billionaire-anschutz-in-8m-tax-tussle/>)

115428

© 2023 BusinessDen - All Rights Reserved