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United States Attorney's Office
District of Oregon

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Former Portland Marathon President Sentenced in Federal Court

PORTLAND, Ore.—The former president and event director of the Portland Marathon pleaded guilty and was sentenced in federal court today for evading taxes due on the funds he stole from the charitable organization that had backed the race since the early 1980s.

Lester V. Smith, Jr., 83, of Tomball, Texas, was sentenced to three years' federal probation to include eight months of home confinement. Smith was also ordered to pay \$411,279 in restitution to the IRS.

Prior to being sentenced, Smith pleaded guilty to one count of attempting to evade and defeat income taxes.

According to court documents, for nearly 35 years, Smith served as the president and event director of Portland Marathon Inc. (PMI), the charitable organization formerly responsible for planning and operating the Portland Marathon. In these roles, Smith managed the organization's day-to-day operations and finances, and had sole authority to approve expenses paid from PMI's business bank account.

Beginning in January 2012 and continuing through 2017, Smith made or directed others to make unauthorized transfers of funds from PMI's bank account to his own personal checking account, paid various personal credit cards with PMI funds, and wrote unauthorized checks from PMI payable to himself. On one occasion, Smith used a PMI check to purchase a \$60,000 Infiniti sport utility vehicle. Smith also used stolen funds to pay for home remodeling projects, shopping sprees at department stores, home décor, furniture, and other luxury goods and services.

Smith and another individual also incorporated a for-profit company called Next Events Productions, LLC to consult with PMI about setting up running events. Between 2012 and 2017, PMI made more than \$302,000 in payments to Next Events. Investigators later discovered bank records from Next Events showing that once PMI funds were deposited, a substantial portion was transferred to Smith's personal bank account.

While defrauding PMI, Smith also substantially underreported more than \$1.2 million in taxable income to the IRS. Despite retaining an accountant to prepare his and his wife's personal income tax returns for 2012 through 2017, Smith failed to disclose to the accountant payments received from PMI, the purchase of the Infiniti SUV with PMI funds, or funds received from PMI via Next Events.

On February 17, 2022, a federal grand jury in Portland returned a seven-count indictment charging Smith with wire fraud and attempting to evade and defeat income taxes.

This case was investigated by the FBI and IRS Criminal Investigation. It was prosecuted by Claire M. Fay, Assistant U.S. Attorney for the District of Oregon.

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