



Department of Justice

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Northern District of Georgia

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FEDERAL JURY CONVICTS BUSINESSMAN IN CONSTRUCTION ESCROW FRAUD SCHEME

Surles Received Over Half a Million Dollars

ATLANTA, GA – ROBERT B. SURLES, 64, of Chicago, Illinois, was convicted this afternoon by a federal jury on one count of conspiracy and 15 counts of wire fraud in connection with a scheme to defraud a corrections facilities company of nearly \$13 million.

Acting United States Attorney Sally Quillian Yates said of the verdict, “This defendant fraudulently induced a company to transfer approximately \$13 million dollars into an “escrow account” that turned out to be nothing but a piggy bank for the defendant and his co-conspirators. A federal jury was not fooled by the story he told when he testified and convicted him on conspiracy and multiple counts of fraud.”

According to Acting United States Attorney Yates and the information presented in court: From August 2003 through January 2004, SURLES, along with EDGAR J. BEAUDREAULT, 60, of Alpharetta, Georgia, and HOWARD A. SPERLING, 45, of San Diego, California, conspired to defraud “Cornell Corrections of California, Inc.,” a private company that operates corrections facilities for various governmental units. In June 2003, Cornell Corrections contracted with Western Comfort to build a corrections facility on property then owned by Western Comfort in Canon City, Colorado for approximately \$13 million. Under the terms of the contract, the \$13 million purchase price was to be held in an escrow account until Western Comfort completed construction, and Western Comfort was to obtain financing for the project. Western Comfort contacted SURLES to obtain a \$12 million construction loan.

SURLES and his codefendants never obtained financing for the project, but led Western Comfort to believe that they had. Instead, in August 2003, SURLES and his codefendants induced Cornell Corrections to transfer its \$13 million to an account in Atlanta controlled by the co-conspirators. SURLES and his co-conspirators falsely represented to Cornell that the account was an escrow account that was administered by a

reputable bank. Upon receipt of Cornell Corrections' \$13 million, SURLES and his co-conspirators wire transferred Cornell's \$13 million to other accounts and, although they did use some of the money to get Western Comfort's construction project started, they used the majority of the money for their own purposes. The evidence showed that SURLES himself took \$605,000 of those funds.

SURLES and co-conspirators BEAUDREAULT and SPERLING, were indicted in August 2008 on charges of conspiracy and wire fraud. BEAUDREAULT and SPERLING both pleaded guilty to conspiracy to commit wire fraud. Both testified at trial against SURLES and both are awaiting sentencing.

Sentencing for SURLES is scheduled for April 27, 2010, at 9:30 a.m., before United States District Judge Clarence Cooper.

This case is being investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorneys Bernita Malloy and David McClernan are prosecuting the case.

For further information please contact Sally Quillian Yates, Acting United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.