



Department of Justice

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CONSPIRATORS SENTENCED TO PRISON IN CONSTRUCTION ESCROW FRAUD SCHEME

Cooperating Defendants Edgar Beaudreault & Howard Sperling Going to Prison

ATLANTA, GA - EDGAR J. BEAUDREULT, JR., 61, of Alpharetta, Georgia, and HOWARD A. SPERLING, 45, of San Diego, California, were sentenced today by United States District Judge Clarence Cooper to federal prison on charges of conspiracy to commit wire fraud for their part in a scheme to defraud a California corrections facility operator of nearly \$13 million.

United State Attorney Sally Quillian Yates said, "These defendants were part of an elaborate fraud scheme that ironically involved the construction of a prison. They will now experience how business is conducted inside a real prison."

BEAUDREULT was sentenced to 3 years, 5 months in prison to be followed by 3years of supervised release, and ordered to pay restitution in the amount of \$5,417,500. BEAUDREULT pleaded guilty to the charges on December 17, 2008.

SPERLING was sentenced to 5 years, 10 months in prison to be followed by 3years of supervised release, and ordered to pay restitution in the amount of \$5,417,500. SPERLING pleaded guilty to the charges on February 2, 2009.

Both BEAUDREULT and SPERLING cooperated with the government, and in February 2010, testified in the trial of co-defendant ROBERT B. SURLES, which resulted in guilty verdicts on 16 counts of conspiracy and wire fraud. SURLES is scheduled to be sentenced by Judge Cooper on June 22, 2010.

According to United States Attorney Yates, the charges and other information presented in court: From August 2003 through January 2004, BEAUDREULT, SPERLING and SURLES 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 to have a corrections facility built in Canon City, Colorado for \$13 million. The \$13 million purchase price was to be held in an

escrow account until the facility was completed.

In August 2003, the defendants induced Cornell Corrections to transfer its \$13 million to an account in Atlanta, which they controlled, by falsely representing to Cornell that the account was an escrow account that was administered by a reputable bank. Upon receipt of Cornell Corrections' \$13 million, the defendants wire transferred the majority of Cornell's \$13 million to other accounts, to be used for their own purposes. Under the terms of their contract, the defendants were also to obtain a construction loan on behalf of "Western Comfort, Inc." the general contractor who began construction of the facility. No loan was secured, making Western Comfort another victim of this scheme.

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

Assistant United States Attorneys Bernita B. Malloy and David E. McClernan prosecuted the case.

For further information please contact Sally Q. Yates, 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.justice.gov/usao/gan.