



Department of Justice

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DEVELOPER SENTENCED TO 10 YEARS IN PRISON FOR CONSTRUCTION FRAUD SCHEME

Robert B. Surles to Join Co-defendants in Prison

ATLANTA, GA - ROBERT B. SURLES, 64, of Chicago, Illinois, was sentenced today by United States District Judge Clarence Cooper to federal prison on charges of conspiracy and wire fraud for his part in a scheme to defraud the operator of a California corrections facility of almost \$13 million.

United States Attorney Sally Quillian Yates said, "This defendant was part of an elaborate fraud scheme that ironically involved the construction of a prison. He will now experience how business is conducted inside a real prison."

SURLES was sentenced to 10 years in prison to be followed by 3 years of supervised release, and ordered to pay restitution in the amount of \$5,417,500. SURLES was found guilty of one count of conspiracy and fifteen counts of wire fraud by a federal jury at the conclusion of a two-week trial on February 19, 2010.

SURLES' co-defendants, EDGAR G. BEAUDREault, JR. and HOWARD A. SPERLING, were sentenced to federal prison terms on April 29, 2010, following their pleas of guilty. Both cooperated with the government, and testified in SURLES' trial. BEAUDREault is currently serving a prison sentence of 3 years, 1 month. SPERLING is currently serving a prison sentence of 5 years, 10 months.

According to United States Attorney Yates, the charges and other information presented in court: From August 2003 through January 2004, BEAUDREault, 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 Charlyse 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.