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TWO WEST SUBURBAN MEN TO BE ARRAIGNED ON FEDERAL CHARGES IN \$28 MILLION INVESTMENT FRAUD SCHEME

CHICAGO — Two west suburban men are scheduled to be arraigned Thursday on federal charges alleging that they and a third defendant, who is a fugitive, fraudulently obtained more than \$28 million from approximately 120 investors, federal law enforcement officials announced today. The defendants conducted estate planning seminars, aimed primarily at retirees in Illinois and California, and purported to sell promissory notes for investments in Turkish bonds to individuals with substantial savings. Instead, through the operation of a Ponzi-type scheme, investor funds were used to pay other investors, to speculate in failed real estate and restaurant ventures and to make more than \$2.5 million in payments to the defendants, their friends and family.

Robert C. Pribilski, 54, of Lisle, a principal of USA Retirement Management Services, which had offices in Oakbrook Terrace and southern California, and **John T. Burns III**, 53, of Naperville, a salesman for USA Retirement who conducted seminars, are scheduled to be arraigned at 9:30 a.m. Thursday before U.S. District Judge Charles Kocoras in Federal Court in Chicago.

A third defendant, **Mahmut Erhan Durmaz**, also known as “Francois E. Durmaz,” 42, formerly of Streamwood and Los Angeles, also a principal of USA Retirement, fled the United States in March 2010 and is a fugitive believed to be residing in Turkey.

Pribilski and Durmaz were each charged with five counts of wire fraud and four counts of mail fraud in a nine-count indictment that was unsealed last week and announced today. Burns was charged with three counts of wire fraud and three counts of mail fraud. The indictment also seeks forfeiture of \$28 million from all three defendants.

The charges were announced by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois, and William C. Monroe, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation. The U.S. Securities and Exchange Commission filed a civil enforcement action against Pribilski and Durmaz in March 2010 in Los Angeles. Durmaz fled the country the same day that a judge froze their personal and business assets.

According to the indictment, between 2005 and March 2010, the defendants offered and sold promissory notes that falsely represented USA Retirement “absolutely and unconditionally” promised to pay investors between 4.75 and 11 percent annually. Pribilski and Durmaz falsely claimed that the interest would be generated from investments in Turkish bonds. Instead, Pribilski and Durmaz operated a Ponzi-type scheme, using funds from the sale of promissory notes to make payments to other investors without disclosing that there were no Turkish bond investments. In offering and selling USA Retirement promissory notes, all three defendants falsely told investors that they had many years of investment banking experience in the purchase and sale of Turkish bonds, and that they had personally profited from such investments through USA Retirement. In fact, the defendants had no such banking experience and did not make any investments in Turkish bonds.

Pribilski and Durmaz allegedly used approximately \$2.5 million of investor funds for their own benefit, including to pay for their homes, cars, and other expenses, and to provide medical insurance and substantial salaries and bonuses to themselves and Burns.

Each count of wire and mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, and restitution is mandatory. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, the Court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorney Ryan S. Hedges.

The investigation falls under the umbrella of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: www.StopFraud.gov.

An indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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