

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	<b><u>UNDER SEAL</u></b>
v.	)	
	)	No. 10 CR 394
MAHMUT ERHAN DURMAZ,	)	
also known as "Francois E. Durmaz,"	)	Violation: Title 18, United States Code,
ROBERT C. PRIBILSKI, and	)	Sections 1341 and 1343
JOHN T. BURNS III	)	

**COUNT ONE**

The SPECIAL JANUARY 2012 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant MAHMUT ERHAN DURMAZ, also known as "Francois E. Durmaz," was a principal of USA Financial Management Services, Inc., doing business as USA Retirement Management Services, with offices in Oakbrook Terrace, Illinois, and Southern California. DURMAZ conducted estate planning seminars on behalf of USA Retirement, and solicited investments in Turkish bonds from investors and prospective investors through the sale of promissory notes issued by USA Retirement.

b. Defendant ROBERT C. PRIBILSKI was a principal of USA Retirement and also solicited investments in Turkish bonds from investors and prospective investors through the sale of promissory notes issued by USA Retirement.

c. Defendant JOHN T. BURNS III conducted estate planning seminars on behalf of USA Retirement and also solicited investments in Turkish bonds from investors and prospective investors through the sale of promissory notes issued by USA Retirement.

d. Investors purchased promissory notes issued by USA Retirement that "absolutely and unconditionally" promised to pay the respective investor the sum of the investor's

principal investment together with interest on the principal investment at a specified annual rate, for a specified term, with the entire amount required to be paid to the investor by a maturity date specified in the promissory note.

e. Investors purchased promissory notes issued by USA Retirement either by making a direct payment to USA Retirement to purchase the promissory notes, or by rolling over funds from a qualified retirement plan or individual retirement account into a self-directed IRA held at Administrator A, which funds were then transferred to USA Retirement for the purchase of promissory notes.

f. Victim Investors A through T, among others, invested with USA Retirement by purchasing promissory notes from USA Retirement.

g. Defendants DURMAZ and PRIBILSKI were also principals of Marlali Property Investment Company, LLC, based in the same offices as USA Retirement, which invested in real estate and restaurant ventures, among other things.

h. Defendant PRIBILSKI had signing authority and controlled bank accounts for USA Retirement and Marlali Property, including an operating account held at Harris Bank in the name of each of those entities.

2. Beginning no later than in or about 2005, and continuing until on or about March 10, 2010, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as "Francois E. Durmaz,"  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, devised, intended to devise, and participated in a scheme to defraud investors and prospective investors, and to obtain money and property from investors by means of materially false

and fraudulent pretenses, representations, and promises, and by means of material omissions, which scheme is further described below.

3. It was part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS fraudulently obtained more than \$28 million from more than 120 investors through the offer and sale of promissory notes issued by USA Retirement. Defendants DURMAZ and PRIBILSKI falsely represented and caused to be falsely represented in these promissory notes that USA Retirement “absolutely and unconditionally” promised to pay the investors as much as 11% annually, which DURMAZ and PRIBILSKI falsely told the investors would be generated from investments in Turkish bonds. In fact, defendants DURMAZ and PRIBILSKI operated a Ponzi scheme, using funds they obtained from their sale of USA Retirement promissory notes to make payments promised to investors, without disclosing that those payments consisted of funds obtained from other investors, and not from investments in Turkish bonds. Defendants DURMAZ and PRIBILSKI also used investor funds for other undisclosed purposes, including to speculate in real estate and restaurant ventures that ultimately failed, and to pay themselves and BURNS, among other people. In connection with their offer and sale of USA Retirement promissory notes, defendants DURMAZ, PRIBILSKI, and BURNS falsely told investors that they had many years of investment banking experience in the purchase and sale of Turkish bonds, among other investments, and that defendants, their family members, and other individuals had profited from investments in Turkish bonds through USA Retirement. In fact, defendants had no such investment banking experience, and they had not invested in Turkish bonds through USA Retirement.

4. It was further part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS solicited potential investors through mass mailings inviting individuals to attend estate

planning seminars conducted at local hotels and banquet halls by representatives of USA Retirement, including defendants DURMAZ and BURNS.

5. It was further part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS obtained detailed personal financial information from potential investors under the guise of providing these individuals with estate planning advice. Defendants then solicited individuals holding substantial retirement or other savings to invest in Turkish bonds through the purchase of USA Retirement promissory notes.

6. It was further part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS falsely told investors that defendants had qualifications and investment banking experience that defendants knew they did not have.

7. It was further part of the scheme that defendants DURMAZ and PRIBILSKI falsely told investors that DURMAZ personally traveled to Turkey to purchase large lots of Turkish bonds at a discount, which allowed USA Retirement to guarantee a higher rate of return to investors, when defendants knew that DURMAZ did not travel to Turkey to purchase Turkish bonds on behalf of any investor.

8. It was further part of the scheme that defendant BURNS falsely told investors that he was responsible for allocating Turkish bonds from large lots purchased by USA Retirement into individual investor accounts.

9. It was further part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS falsely told investors that they had personally invested in Turkish bonds through USA Retirement and obtained significant returns on their investments, when defendants knew that they

had not personally invested in Turkish bonds through USA Retirement or obtained any returns on any such investment.

10. It was further part of the scheme that defendants DURMAZ and PRIBILSKI falsely told investors that their invested funds were used only for certain purposes, including to purchase Turkish bonds, and not for any other purpose, when, in fact, defendants caused the funds to be used by USA Retirement and Marlali Property for purposes that were not disclosed to the investors, including speculation in restaurant and real estate ventures, which ultimately failed, and payment of interest and principal to other investors, including Victim Investors Q, R, S, and T, among others.

11. It was further part of the scheme that defendants DURMAZ and PRIBILSKI falsely represented and caused to be represented to investors that their funds were invested in Turkish bonds through USA Retirement promissory notes, and falsely promised that the investments would generate an annual rate of return, between approximately 4.75% and 11%, when defendants knew that there were no such investments in Turkish bonds and that the only way USA Retirement could make the payments promised to investors was through the operation of their Ponzi scheme.

12. It was further part of the scheme that defendants DURMAZ and PRIBILSKI concealed from investors the fact that USA Retirement had not used investors' funds for the agreed purpose, including the purchase of Turkish bonds as promised, and further misled investors by causing periodic account statements to be sent to the investors purporting to show their accounts receiving interest from their investments, and causing to be paid to investors periodic interest payments earned on the purported investments when, in fact, there were no such investments and defendants made the interest payments with funds obtained from other investors.

13. It was further part of the scheme that defendants DURMAZ and PRIBILSKI used the above-described lulling payments and account statements to mislead investors to believe their investments were generating a profit; to pressure investors to invest additional funds in USA Retirement promissory notes; and to convince investors not to withdraw their existing principal investments.

14. It was further part of the scheme that defendants DURMAZ and PRIBILSKI misappropriated investor funds for their own personal use and benefit, including to pay for their homes, cars, and other expenses, and to provide medical insurance and substantial salaries and bonus payments to themselves and defendant BURNS.

15. It was further part of the scheme that, in or about September 2008, defendants DURMAZ and PRIBILSKI falsely represented to Victim Investor A that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and falsely told Victim Investor A that his investments with USA Retirement were placed only into Turkish bonds at a guaranteed annual return of 8.35%. Victim Investor A lost at least approximately \$435,000 from his investments in the scheme.

16. It was further part of the scheme that, in or about February and March 2009, defendants DURMAZ and PRIBILSKI falsely represented to Victim Investors B and C that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and falsely told Victim Investors B and C that their investments with USA Retirement were placed only into Turkish bonds at a guaranteed annual return of 8.35%. Victim Investors B and C lost at least approximately \$290,000 from their investments in the scheme.

17. It was further part of the scheme that, in or about May and June 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investors D and E that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendants DURMAZ and PRIBILSKI falsely told Victim Investors D and E that their investments with USA Retirement were placed only into Turkish bonds at guaranteed annual returns of 6.25% and 8.35%. Victim Investors D and E lost at least approximately \$485,000 from their investments in the scheme.

18. It was further part of the scheme that, in or about September and October 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investors F and G that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendant DURMAZ and PRIBILSKI falsely told Victim Investors F and G that their investments with USA Retirement were placed only into Turkish bonds at guaranteed annual returns of 8.35%. Victim Investors F and G lost at least approximately \$100,000 from their investments in the scheme.

19. It was further part of the scheme that, in or about October and November 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investors H and I that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendants DURMAZ and PRIBILSKI falsely told Victim Investors H and I that their investments with USA Retirement were placed only into Turkish bonds at guaranteed annual returns of 5% and 8.35%. Victim Investors H and I lost at least approximately \$1.4 million from their investments in the scheme.

20. It was further part of the scheme that, in or about October and November 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investor J that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendants DURMAZ and PRIBILSKI falsely told Victim Investor J that her investment with USA Retirement was placed only into Turkish bonds at a guaranteed annual return of 8.35%. Victim Investor J lost at least approximately \$175,000 from her investment in the scheme.

21. It was further part of the scheme that, in or about November and December 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investors K, L, and M that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendants DURMAZ and PRIBILSKI falsely told Victim Investors K, L, and M that their investment with USA Retirement was placed only into Turkish bonds at a guaranteed annual return of 4.75%. Victim Investors K, L, and M lost at least approximately \$700,000 from their investment in the scheme.

22. It was further part of the scheme that, in or about November and December 2009, defendants DURMAZ, PRIBILSKI, and BURNS falsely represented to Victim Investors N and O that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and defendants DURMAZ and PRIBILSKI falsely told Victim Investors N and O that their investments with USA Retirement were placed only into Turkish bonds at a guaranteed annual return of 6.25%. Victim Investors N and O lost at least approximately \$400,000 from their investment in the scheme.



23. It was further part of the scheme that, from in or about October 2005 to March 2010, defendants DURMAZ and PRIBILSKI falsely represented to Victim Investor P that defendants had significant experience successfully investing in securities, including Turkish bonds, on behalf of investors, among other misrepresentations, and falsely told Victim Investor P that his investments with USA Retirement were placed only into Turkish bonds at guaranteed annual returns of 6.25% and 8.35%. Victim Investor P lost at least approximately \$440,000 from his investments in the scheme.

24. It was further part of the scheme that defendants DURMAZ, PRIBILSKI, and BURNS concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence and purpose of the scheme and acts done in furtherance of the scheme.

25. As a result of their scheme, defendants DURMAZ, PRIBILSKI, and BURNS fraudulently obtained more than \$28 million from more than 120 investors, which funds DURMAZ and PRIBILSKI misappropriated to make payments promised to other investors, to speculate in real estate and restaurant ventures that ultimately failed, and to make payments totaling more than \$2.5 million to themselves, their friends and family, and defendant BURNS.

26. On or about September 26, 2008, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,” and  
ROBERT C. PRIBILSKI,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate wire transfer of funds processed through the Federal Reserve System

in New Jersey in the amount of approximately \$287,573 from an Administrator A account at United Commercial Bank to the USA Retirement Account at Harris Bank, which funds were provided by Victim Investor A to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1343.

## **COUNT TWO**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about March 30, 2009, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,” and  
ROBERT C. PRIBILSKI,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate wire transfer of funds processed through the Federal Reserve System in New Jersey in the amount of approximately \$258,884 from an Administrator A account at United Commercial Bank to the USA Retirement Account at Harris Bank, which funds were provided by Victim Investors B and C to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1343.

### **COUNT THREE**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about June 24, 2009, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as "Francois E. Durmaz,"  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate wire transfer of funds processed through the Federal Reserve System in New Jersey in the amount of approximately \$82,812 from an Administrator A account at United Commercial Bank to the USA Retirement Account at Harris Bank, which funds were provided by Victim Investors D and E to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1343.

#### **COUNT FOUR**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about October 2, 2009, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as "Francois E. Durmaz,"  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate wire transfer of funds processed through the Federal Reserve System in New Jersey in the amount of approximately \$79,000 from an Administrator A account at Mechanics Bank to the USA Retirement Account at Harris Bank, which funds were provided by Victim Investors F and G to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1343.

**COUNT FIVE**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about November 19, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,”  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by mail according to the direction thereon, to the Federal Reserve Bank in Chicago, Illinois, a package containing a check in the amount of \$229,053, which funds were provided by Victim Investors H and I to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1341.

## **COUNT SIX**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated by reference here.

2. On or about November 24, 2009, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,”  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate wire transfer of funds processed through the Federal Reserve System in New Jersey in the amount of approximately \$208,646 from an Administrator A account at Mechanics Bank to the USA Retirement Account at Harris Bank, which funds were provided by Victim Investor J to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1343.

## **COUNT SEVEN**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about December 20, 2009, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,”  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by mail according to the direction thereon, to the Federal Reserve Bank in Chicago, Illinois, a package containing a check in the amount of \$700,000, which funds were provided by Victim Investors K, L, and M to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1341.



## **COUNT EIGHT**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.

2. On or about December 23, 2009, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as "Francois E. Durmaz,"  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by mail according to the direction thereon, to the Federal Reserve Bank in Chicago, Illinois, a package containing a check in the amount of \$230,000, which funds were provided by Victim Investors N and O to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1341.

**COUNT NINE**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 25 of Count One of this indictment are incorporated here.
2. On or about March 5, 2010, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,” and  
ROBERT C. PRIBILSKI,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by mail according to the direction thereon, to the Federal Reserve Bank in Chicago, Illinois, a package containing a check in the amount of \$25,000, which funds were provided by Victim Investor P to USA Retirement for investment in Turkish bonds;

In violation of Title 18, United States Code, Section 1341.

## **FORFEITURE ALLEGATION**

The SPECIAL JANUARY 2012 GRAND JURY further charges:

1. The allegations of Counts One through Nine are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C).

2. As a result of their violations as alleged in Counts One through Nine of this indictment,

MAHMUT ERHAN DURMAZ,  
also known as “Francois E. Durmaz,”  
ROBERT C. PRIBILSKI, and  
JOHN T. BURNS III,

defendants herein, shall forfeit to the United States any and all right, title, and interest they may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Nine.

3. The interests of the defendants subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to approximately \$28,000,000.

4. If any of the forfeitable property described above, as a result of any act or omission by defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided  
without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

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FOREPERSON

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ACTING UNITED STATES ATTORNEY