



## U.S. Department of Justice

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### **FORMER SUGAR GROVE MAN PLEADS GUILTY TO FEDERAL CHARGES OF MAIL FRAUD IN OPERATING A \$9 MILLION "PONZI" SCHEME**

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation, today made the following announcement:

Today in federal court, **ALGIRD NORKUS**, 66, of Aurora, Illinois, formerly of Sugar Grove, pled guilty to mail fraud that involved his operation of a "Ponzi" scheme in which he fraudulently obtained money from a number of investors who were promised extraordinary returns from his company, Financial Update, Inc. (hereafter "Financial Update"). A Ponzi scheme is an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors.

According to the plea agreement, Norkus offered and sold approximately \$9,000,000 of investments in Financial Update, misrepresenting to investors and potential investors that the funds invested would be used by Financial Update to purchase lists of prospective customers. To evidence the investments, Norkus issued promissory agreements or other similar titled documents to investors. However, Norkus admitted that beginning in 1998 he did not intend to purchase lists of prospective customers with monies he sought and received from investors, but instead commingled the investment monies he received from investors and at times misappropriated them, in part to make Ponzi-type payments to investors and in part to benefit himself. In addition, Norkus admitted he made further misrepresentations to investors regarding the expected return on investments, the risks associated with investments, the status of investments, and the use of proceeds obtained from investments. For example, Norkus falsely represented to investors that Financial Update earned so much from the use of the lists that it could afford to pay interest on invested money at a rate much higher than could be obtained from many other types of investments.

In pleading guilty, Norkus further admitted that he provided checks to certain investors drawn on bank accounts that contained insufficient funds to lull them into the belief that their investments had been used as represented, were causing Financial Update to earn money, and that the money earned on the investments was used to pay interest on the investments. To further this belief by investors, Norkus admitted he also annually provided investors with Internal Revenue Service Form 1099-INT report of interest income. Norkus also admitted that in approximately January 2010, he mailed, or had another person mail, an Internal Revenue Service Form 1099-INT report of interest income to an investor for delivery to the investor's home address in Rockton, Illinois.

Sentencing for Norkus will be conducted on June 23, 2011, at 2:30 p.m. Norkus faces a maximum potential penalty of 20 years in prison, up to 3 years of supervised release following imprisonment, a fine of up to \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater, as well as any restitution ordered by the court. The actual sentence would be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Rockford Office of the FBI, with the assistance of the United States Securities and Exchange Commission. The case is being prosecuted in federal court by Assistant United States Attorney MICHAEL D. LOVE.

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