



# Department of Justice

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## **CALIFORNIA MAN PLEADS GUILTY IN CONSTRUCTION ESCROW FRAUD SCHEME**

### ***Businessmen Induce California Firm to Deposit \$13 Million in Account***

Atlanta, GA – HOWARD A. SPERLING, 44, of San Diego, California, pleaded guilty today in federal district court to conspiracy to commit wire fraud for his part in a scheme to defraud a California construction firm of nearly \$13 million.

According to Acting United States Attorney Sally Quillian Yates and the information presented in court: From August 2003 through January 2004, SPERLING and his co-defendants conspired to defraud Cornell Corrections of California, Inc., a private company that operates corrections facilities for various governmental units. In June of 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, SPERLING and his co-defendants induced Cornell Corrections to transfer its \$13 million to an account in Atlanta controlled by co-defendant, EDGAR J. BEAUDREAULT, 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, SPERLING and his co-defendants, BEAUDREAULT and ROBERT B. SURLES, wire transferred the majority of Cornell's \$13 million to other accounts to be used for their own purposes. Most of the money was disbursed to the accounts of the three co-conspirators. SPERLING withdrew \$365,000 in cash, transferred \$400,000 to personal and family members' accounts, paid \$215,000 to banks and credit card companies, \$85,000 to a Harrah's Casino and \$60,000 for a luxury Mercedes Benz automobile.

SPERLING was indicted in August 2008 on charges of conspiracy and wire fraud. He pleaded guilty to conspiracy to commit wire fraud. He could receive a maximum sentence of 20 years in prison and a fine of up to \$250,000. In determining the actual

sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing is scheduled for April 30, 2009, at 4 p.m., before United States District Judge Clarence Cooper.

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

Assistant United States Attorneys Bernita Malloy and David McClernan are prosecuting the case.

For further information please contact Sally Quillian Yates, Acting 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.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).