



Jesse White
SECRETARY OF STATE

NEWS

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**FORMER NAPERVILLE RESIDENT
INDICTED FOR INVESTMENT FRAUD**

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, JESSE WHITE, Illinois Secretary of State, and KENNETH T. LAAG, Postal Inspector-in-Charge of the United States Postal Service, today made the following announcement:

A federal grand jury in Rockford yesterday indicted **TERRY L. SPIRK**, 54 (DOB: 07/24/1949), formerly of Naperville, for mail fraud, wire fraud, and the interstate transportation of securities obtained by fraud in connection with a scheme to defraud numerous investors in promissory notes of more than \$5 million.

The indictment alleges that Spirk operated Lancaster Annuity Services Co., also known as "LASCO," as well as American Senior Alliance, Inc., Personal Medical Emergency Services, Inc., and American Benefits Group, Inc. in Naperville. According to the indictment, Spirk sold more than \$5 million in promissory notes issued by LASCO.

The indictment charges that between May 1998 and February 2001, Spirk falsely represented that the investors' monies would be safe when, in fact, LASCO was insolvent and Spirk was secretly converting a substantial portion of the loan proceeds to his own use.

The indictment charges that Spirk made the following misrepresentations and false promises:

- purchasers of the promissory notes would receive back their principal and interest when LASCO was already in default on promissory notes purchased by previous investors;
- LASCO was financially sound and would repay the promissory notes when it was insolvent and its net earnings were not enough to even pay the interest on the existing promissory notes;
- repayment of the promissory notes would be guaranteed by the proceeds from a life insurance policy on Spirk's life, when the amount of the existing promissory notes exceeded the face amount of the insurance policy and the insurance policy was later cancelled for nonpayment of the premiums;

- the proceeds from the sale of the notes would be used to establish the business activities of Spirk's businesses when Spirk was using substantial amounts of the proceeds to pay interest and principal to previous purchasers of the notes; and
- that a Private Placement Memorandum for the sale of stock in American Benefits Group, Inc. had been approved by the Illinois Securities Division, when it had not been approved and the Illinois Securities Division has entered an order prohibiting LASCO and Spirk from selling unregistered securities and later entered a temporary order barring LASCO and Spirk from selling any securities in Illinois.

The investors in the promissory notes came from several states, and included numerous investors in Winnebago County, DeKalb County, and Ogle County.

Spirk was charged in the indictment with thirteen counts of mail fraud, one count of wire fraud, and three counts of the interstate transportation of securities obtained by fraud. If convicted, Spirk faces up to five years of imprisonment and a fine of \$250,000 for each of the mail and wire fraud charges, and up to ten years of imprisonment and a fine of up to \$250,000 for each of the interstate transportation of securities charges, as well as restitution.

The arraignment has been set for Tuesday, June 14, 2005 at 10:30 a.m. before Magistrate Judge P. Michael Mahoney in the federal courthouse in Rockford. The case was investigated by agents of the Illinois Securities Department's Enforcement Division, a part of Secretary White's office, and United States Postal Inspectors. It will be prosecuted in United States District Court by Assistant United States Attorney JOHN G. McKENZIE.

Secretary of State White commented, "In the world of investing, if it sounds too good to be true, it likely is. I encourage the investing public to fully check out a potential investment by first calling the Illinois Securities Department to determine if it is properly registered." The Illinois Securities Department is responsible for regulating the securities industry in Illinois, which includes the registration of investment products and those who sell them. The Department can be reached at 1-800-628-7937.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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