



# Department of Justice

**United States Attorney Melinda Haag  
Northern District of California**

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## **VESTA STRATEGIES MAJORITY OWNER PLEADS GUILTY TO \$25 MILLION PONZI-SCHEME**

### ***John Terzakis Admits to Conspiring to Defraud Clients' Section 1031 Deposits***

SAN JOSE, Calif. – John Terzakis pleaded guilty in federal court in San Jose on Feb. 23, 2012, to three felony counts: conspiracy to commit wire fraud, wire fraud, and money laundering arising out of his role as majority owner of Vesta Strategies, LLC, United States Attorney Melinda Haag announced.

Terzakis, formerly of Hinsdale, Ill., owned Vesta through Single Site Solutions Corp., a Willowbrook, Ill., company that at one time managed land-development and commercial real estate projects in the Chicago area. Vesta was a qualified intermediary for the purpose of conducting tax-deferred real estate exchanges pursuant to Internal Revenue Service Code Section 1031 (26 U.S.C. § 1031). In general, a Section 1031 exchange allows taxpayers to avoid paying tax on capital gains by depositing the proceeds from an investment real estate sale, that would otherwise qualify as a taxable capital gain, with a qualified intermediary for up to 180 days. Under Section 1031, if the taxpayer purchases another investment property within those 180 days, the proceeds from the first sale may be rolled over into the new investment without being taxed as capital gains.

According to the indictment, Vesta, based in San Jose, collapsed in July of 2008 with approximately \$25 million owed to its Section 1031 depositors. Vesta lacked the ability to meet

its redemption obligations because its owners and managers misappropriated the money themselves and because new client deposits were used to pay off existing depositors.

The indictment alleged that Terzakis, along with Robert Estupinian, Vesta's former CEO, and Peter Ye, the former Vice President of Operations, and later President, used the company to defraud Vesta clients of their Section 1031 deposits and obtained money and property, namely Vesta client deposits, by means of materially false and fraudulent pretenses. Among the false promises alleged were claims that Vesta was a safe and financially secure Section 1031 exchange company, that Vesta client deposits would be held by Vesta, and that Vesta client deposits would be returned at the time of redemption. The indictment alleged that new client deposits were used to pay off existing client obligations, in a *Ponzi*-like manner, in furtherance of the conspiracy. The indictment also alleged that the Vesta owners diverted Vesta client deposits to themselves.

In pleading guilty, Terzakis, admitted to Conspiracy to Commit Wire Fraud, in violation of 18 U.S.C. § 1349 (Count One); Wire Fraud, in violation of 18 U.S.C. § 1343 (Count Five); and Money Laundering, in violation of 18 U.S.C. § 1957 (Count Ten).

Co-defendant Peter Ye, of San Jose, pled guilty on June 21, 2010, to three felony counts: conspiracy to commit wire fraud, wire fraud, and money laundering. He remains free on a bond. His related case is CR 10-00044 DLJ.

Co-defendant Robert Estupinian, of San Jose, pled guilty on Feb. 2, 2011, to three felony counts: conspiracy to commit wire fraud, wire fraud, and money laundering. He remains free on a bond.

Terzakis is currently on home confinement with electronic monitoring, secured by a bond.

The sentencing of Terzakis and the two related Vesta co-defendants is scheduled for June 28, 2012, before Judge D. Lowell Jensen in San Jose, Calif.

The maximum statutory penalty for the counts of wire fraud and conspiracy to commit wire fraud, in violation of 18 U.S.C. §§ 1343 and 1349, respectively, is 20 years imprisonment, a fine of \$250,000 or twice the gross gain or twice the gross loss to any victim, and restitution. The maximum statutory penalty for money laundering, in violation of 18 U.S.C. § 1957, is 10 years imprisonment, and a fine of \$250,000 or twice the amount of the criminally derived property involved in the transaction. The government is also seeking restitution from the defendants in the amount of \$24,633,341.34, as well as forfeiture of criminally derived proceeds. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Daniel Kaleba is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Kamille Singh. The prosecution is the result of an investigation by the Federal Bureau of Investigation, and the Santa Clara County Office of the District Attorney.

**Further Information:**

Case #: CR 09-01212 DLJ

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at [Jack.Gillund@usdoj.gov](mailto:Jack.Gillund@usdoj.gov).

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