UNITED STATES ATTORNEY'S OFFICE
Western District of Washington

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OWNERS OF NOW DEFUNCT BALLARD ELECTRICAL FIRM GUILTY OF EMBEZZLEMENT FROM EMPLOYEE 401(K) PLAN
Jury Finds Father and Son Guilty of Failing to Pay Employee Retirement Contributions to Trust Fund

After a seven day trial and two days of jury deliberation, SIGMUND G. ERIKSEN and RAYMOND A. ERIKSEN were found guilty today of two felony charges of Embezzlement or Conversion from an Employee Pension Benefit Plan, and one felony charge of Falsification of Records of an Employee Pension Benefit Plan. The two men formerly owned Lunde Electric, an electrical contracting firm in the Ballard neighborhood of Seattle. When sentenced by U.S. District Judge John C. Coughenour on January 22, 2010, the men face up to five years in prison and a $250,000 fine.

According to testimony at trial and records filed in the case, Lunde Electric adopted a 401(k) retirement plan for their non-union employees in 1995. Employees could pay a portion of their salary into the plan, and the company would match 50% of the employee contribution. By law, employee contributions are to be paid into the trust fund as soon as deducted from employees' paychecks and in no case later than the 15th day of the following month. Beginning in January 1999, and continuing into 2003, the ERIKSENs failed to forward the employee contributions to the 401(k) trust fund. Employees received 401(k) account statements that failed to disclose that their contributions had not been paid into the trust fund.

The ERIKSENs were advised by their attorney and accountant to begin forwarding the employee contributions to the trust fund, but failed to do so. In October 2004, some 18 months after the U.S. Department of Labor subpoenaed the Lunde Electric 401(k) records, the ERIKSENs paid just over $90,000 to the trust fund, more than $65,000 of that was employee money. The ERIKSENs were indicted in December 2008.

In their trial brief on the case prosecutors wrote "the Eriksens had a single plan to take money from whatever source in a futile attempt to keep their personal business afloat. In so doing, they repeatedly abused the employer employee relationship by secretively, and without authorization, using the employees' money…" The case was investigated by the U.S. Department of Labor. The case is being prosecuted by Assistant United States Attorneys J. Tate London and Robert Westinghouse.

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