



Department of Justice

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Northern District of California**

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DOCTOR PLEADS GUILTY TO CONVERTING EMPLOYEE PENSION FUNDS

*Physician/President of Central Coast Medical Specialists Admits to Illegally Withdrawing Money
from ERISA-Regulated Plan*

SAN JOSE, Calif. – Dr. Sydney Shaber pleaded guilty yesterday to unlawfully converting employee pension funds in violation of 18 U.S.C. § 664, United States Attorney Joseph P. Russoniello announced.

Shaber was president and a 39 percent shareholder of Central Coast Medical Specialists (CCMS), a worker's compensation consulting and medical treatment clinic located in Salinas, Calif. CCMS sponsored a pension plan known as the Central Coast Medical Specialists Defined Benefit Pension Plan (Plan). The Plan was established and regulated pursuant to the Employee Retirement Income Security Act (ERISA), 29 U.S.C. § 1001, et seq. Shaber was the Trustee of the Plan, and was thus a fiduciary to the Plan. As such, he had an affirmative duty to discharge duties to the Plan as required and regulated under ERISA.

During 2003 and 2004, Shaber intentionally removed Plan assets from the ERISA accounts by transferring, or authorizing the transfer of, funds to other accounts he controlled.

“Especially during these troubled economic times, it is the duty of this Office to protect pensioners whose retirement funds are placed in ERISA-regulated plans,” said United States Attorney Joseph P. Russoniello. “The conversion of pension funds by a Trustee of the plan is particularly offensive, and I hope that this prosecution serves as a deterrent to other fiduciaries who may be tempted to breach their duties.”

Shaber is currently free on bond. Sentencing is scheduled for August 3, in San Jose at 9 a.m. before the Honorable Ronald M. Whyte, United States District Court Judge. The maximum statutory penalty for conversion from a benefit plan, in violation of 18 U.S.C. § 664, is five years in prison, three years of supervised release, and a fine of \$250,000. 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.

This conviction is the result of an investigation by the San Francisco Regional Office of the U.S. Department of Labor, Employee Benefits Security Administration.

Matt Parrella and Eumi Choi are the Assistant U.S. Attorneys prosecuting the case with the assistance of Brenda Hodgen and Jeanne Carstensen.

Further Information:

Case # CR 09-00325 RMW

A copy of this press release may be found on the U.S. Attorney’s Office’s Web site at 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 Web site at 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 email at Jack.Gillund@usdoj.gov.

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