



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Former Glendale Film Services Business Owners Plead Guilty to Fraud and Theft Charges

Couple Misappropriated over \$1 Million from their Employees' Funds

LOS ANGELES – Appearing before United States District Court Judge Gary A. Feess, the owners of Sunset Post, Inc., Sunset Digital Studies, Inc. and Sunset Teleproduction Center (collectively “Sunset”), a former Glendale based post-production company that provided services to film studios, pleaded guilty this morning to embezzling employee retirement plan contributions of \$102,327 and failing to pay to the Internal Revenue Service approximately \$971,896 in withheld trust fund taxes.

Ronald Burdett, 75, and Karen Burdett, 70, of Shadow Hills, each pleaded guilty to one count of embezzlement from an employee benefit plan and one count of failure to collect or pay over tax.

According to the plea agreements, beginning in January 1996, the Burdetts began serving as trustees for their employee retirement benefit plan. Beginning in June 2004, the defendants fell behind in the transmission of funds withheld by employees from their respective paychecks for contribution to the retirement plan. By June 2006, the defendants stopped transmitting any funds employees withheld from their respective paychecks for contribution to the retirement plan, embezzling \$102,327 from the employee-participants plan.

“Employees count on the funds deducted from their paychecks to help fund their retirement,” said Crisanta Johnson, director of the U.S. Labor Department’s Employee Benefits Security Administration in Los Angeles. “No employee should

have their hard-earned retirement contributions diverted to run the company or pay an employer's personal expenses."

In addition, from at least September 1996 to July 2007, the Burdetts were the responsible parties regarding the collection and payment of their employees' federal income taxes and Federal Insurance Contributions Act taxes. During this time they failed to pay to the IRS approximately \$971,896 in withheld trust fund taxes.

"Business owners have a responsibility to withhold income taxes for their employees and then remit those taxes to the Internal Revenue Service," said Acting Special Agent in Charge Joel P. Garland with the Los Angeles Field Office. "The failure to pay over withheld taxes is a serious offense. IRS Criminal Investigation vigorously pursues anyone who collects taxes and fails to timely remit those taxes."

In 2006 and 2007, during which time the Burdetts failed to pay over withheld employee payroll taxes and employee contributions to the retirement plan, the Burdetts made approximately \$585,500 in withdrawals from Sunset's primary bank account, an account the Burdetts jointly controlled. The Burdetts used the diverted funds to pay bills, make retail purchases, and to pay other personal expenses, including paying for improvements to their residence/farm in Shadow Hills.

When the Burdetts are sentenced by Judge Feess on March 17, 2014, the statutory maximum sentence they will receive for the two offenses to which they are each pleading guilty is ten years imprisonment and a fine of at least \$500,000. In addition, the Burdetts may be obligated to pay restitution of at least \$102,327 to the employee pension benefit plan and \$971,896 to the IRS.

The investigation and prosecution of the Burdetts was conducted by the U.S. Department of Labor and IRS-Criminal Investigation's Los Angeles Field Office, in conjunction with the United States Attorney's Office for the Central District of California.

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