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Department of Justice

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District of Minnesota

FOR IMMEDIATE RELEASE

Wednesday, August 9, 2017

Minnesota Business Owner Sentenced To 42 Months In Prison For Stealing More Than \$755,000 From Employee Pension Plan

Acting United States Attorney Gregory G. Brooker today announced the sentencing of WALLACE DAVID GREGERSON, 66, to 42 months in prison for embezzling more than \$755,000 from his employees' pension plans. GREGERSON, who pleaded guilty on March 6, 2017, to one count of mail fraud, was sentenced today before United States District Judge Joan N. Ericksen in Minneapolis, Minn.

Acting U.S. Attorney Greg Brooker said, "Over the course of several years, Wallace Gregerson stole from his own hardworking employees, some of whom had decades-long careers with the company. Mr. Gregerson ended his fraud scheme only because there was no more money to steal. We believe that the sentence handed down today is a just punishment for his crimes."

According to his guilty plea and documents filed in court, GREGERSON was the president and sole owner of Lighting Affiliates, Inc. ("Lighting Affiliates"), a Minnesota corporation that sold lighting fixtures and related products. The Lighting Affiliates 401(k) Profit Sharing Plan (the "Plan") was established as an employee benefit for eligible employees' retirement savings. The Plan was funded by three types of contributions: voluntary salary reduction 401(k) contributions the Lighting Affiliates' employees had deducted from their paychecks; 401(k) matching contributions made by Lighting Affiliates; and profit sharing contributions made by Lighting Affiliates.

According to his guilty plea and documents filed in court, GREGERSON, who was the sole trustee of the Plan, used his position to withdraw funds from the Plan and deposit those funds into Lighting Affiliates' bank accounts. In 26 separate transactions over the course of two years between February 2011 and July 2013, GREGERSON drained the profit sharing portion of the Plan by withdrawing a total of approximately \$675,233.55. In August 2014, Lighting Affiliates closed. Following the closure, between December 2014 and March 2015, GREGERSON drained his former employees' individual 401(k) accounts by withdrawing a total of approximately \$80,667.23.

According to his guilty plea and documents filed in court, as part of the scheme, GREGERSON persuaded the financial institutions holding the Plan's assets to provide him with funds belonging to the Plan and its participants by making false representations. GREGERSON provided written statements

falsely affirming that the funds would be re-invested in another qualified plan or that the withdrawals were made at employee requests.

According to his guilty plea and documents filed in court, GREGERSON used the majority of the funds to either pay for Lighting Affiliates' expenses or for personal expenses such as country club membership dues, tickets for sporting events, clothing purchases, and tuition payments for his daughter.

Assistant United States Attorney Kimberly A. Svendsen prosecuted the case.

This case was the result of an investigation conducted by the U.S. Department of Labor Employee Benefits Security Administration and the U.S. Department of Labor Office of the Inspector General.

Defendant Information:

WALLACE DAVID GREGERSON, 66
Plymouth, Minn.

Convicted:

- Mail fraud, 1 count

Sentenced:

- 42 months in prison
- 3 years of supervised release
- \$756,062.50 in restitution

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Topic(s):

Financial Fraud

Component(s):

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