



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, December 1, 2016

Company President Embezzled Money from Employee Pension Fund

NORFOLK, Va. – Harry Paul, Jr., 65, of Grandy, North Carolina, pleaded guilty today to charges of embezzling funds from an employee pension fund.

According to the statement of facts filed with the plea agreement, Paul is the owner and president of Freedom Mechanical, Inc., located in Virginia Beach. The company maintained an employee benefit retirement account plan known as the Freedom Mechanical Simple IRA Plan. The Plan was funded by employees who elected to contribute to the plan, as well as mandated matching contributions made by the employer. Between approximately April 2013 and June 2016, Paul, assisted by the company's vice-president who acted at the Paul's direction, embezzled and unlawfully converted the monetary contributions to the Plan made by nine employees, in the amount of \$47,056. During that period, W-3 Wage and Tax Statements transmitted by the company to the IRS included an amount for "deferred compensation" that falsely represented that employee contributions to the company had been made. Also during that period, the defendant failed to make the employer contributions owed to the Plan. The contributions embezzled and unlawfully converted were used to cover the company's operating costs during a period when the company experienced severe economic difficulties.

Paul waived indictment by a federal grand jury and pleaded guilty to a criminal information. Paul faces a maximum penalty of five years in prison when sentenced on March 7, 2017. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes, as the sentencing of the defendant will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors.

Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; and Robin Blake, Special Agent in Charge of the Washington, D.C. Regional Office, U.S. Department of Labor, Office of Inspector General, made the announcement after the plea was accepted by U.S. District Judge Mark S. Davis. Assistant U.S. Attorney Alan M. Salsbury is prosecuting the case.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the

District Court for the Eastern District of Virginia or on PACER by searching for **Case No. 2:16-cr-150**.

Topic(s):

Financial Fraud

Component(s):

USAO - Virginia, Eastern

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