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**Department of Justice**

U.S. Attorney's Office

Northern District of California

FOR IMMEDIATE RELEASE

Friday, February 15, 2013

## **Co-Founders Of South San Francisco Company Plead Guilty To Taking Money From Their Employees' Benefit Plans**

SAN FRANCISCO – Kenneth A. Tholin and Enrique Quiles Sr., pleaded guilty Wednesday to a conspiracy to unlawfully and willfully convert to their own use, or the use of another, money from an employee benefit plan, in violation of 18 U.S.C. § 371, United States Attorney Melinda Haag announced.

According to their plea agreements, Tholin and Quiles were general partners and co-founders of a South San Francisco company called Geo Grout, Inc., which is a contractor that specializes in grouting techniques to solve soil and structural problems. They were the trustees of Geo Grout's employee benefit plans and thus held the obligation and responsibility of ensuring that the employee benefit plans' trust accounts only be used for the exclusive benefit of its participants or its beneficiaries.

According to their plea agreements, between March 2009 and April 2011, however, Tholin and Quiles removed a total of \$1,772,500 from the employee benefit plans' trust accounts for unauthorized purposes. Of the \$1,772,500.00 removed from the employee benefit plans' trust accounts, Tholin and Quiles have returned \$908,481.26 to the employee benefit plans' trust accounts.

Tholin and Quiles are scheduled to appear before United States District Court Judge Edward M. Chen at 2:30 p.m. on July 31 for sentencing. The maximum statutory penalty for a count of conspiracy, in violation of 18 U.S.C. § 371, is five years in prison and a fine of \$250,000, or twice the gross gain or loss, whichever is greater, plus restitution if appropriate. 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.

Katherine Dowling and Hallie Hoffman are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Rawaty Yim and Christine Tian. The prosecution is the result of an investigation by the United States Department of Labor.

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**Component(s):**

USAO - California, Northern

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