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PRESS RELEASE

MULTI-MILLION DOLLAR EMBEZZLEMENT SCHEME AND LARGEST SEIZURE OF FUNDS FOR FORFEITURE IN DELAWARE HISTORY

Josef F. Murphy, a/k/a Joseph Murphy, today pleaded guilty in U.S. District Court in Wilmington, Delaware to “laundering” twenty nine checks totaling \$8,239,197.79 that he had embezzled from his former employer, the Advance Magazine Group (AMG), the parent company of Conde Nast Publications. In pleading guilty, the defendant acknowledged that he had taken nine additional fraudulent checks totaling \$2,455,069.70 from AMG, but that AMG had stopped payment on the additional checks before the defendant had negotiated them. Thus, the thirty-eight fraudulent checks embezzled by the defendant totaled \$10,694,267.49. The defendant also pleaded guilty to using \$87,000 of the proceeds of the crime towards the purchase of a \$411,000 home in West Chester, PA in September, 2004. As part of the plea agreement, the defendant agreed to the forfeiture of all property, real and personal, involved in the money laundering offenses, and all property traceable to such property, including \$8,097,192.23 in criminal proceeds held in financial accounts that have been seized by the government and an additional \$225,000 which represents the defendant’s one-half interest in the home he purchased partially with proceeds. This forfeiture of over \$8.3 million represents the largest forfeiture of ill-gotten gains in Delaware history.

According to the facts acknowledged by the defendant during the change of plea hearing, an audit conducted by AMG revealed that Murphy, while employed as a credit collection manager for the company, embezzled \$10,694,267.49 by forging documents showing that various AMG customer were due refunds and then requisitioning checks payable to those customers. Supervisory employees would authorize payments based on the forged documents. After the fraudulent checks were drawn, Murphy would request that the checks be given to him and emphasized that the checks should not be mailed to the customers in question. Murphy then took the majority of the checks to Yonkers, New York where he would deposit them in bank accounts he had opened at Atlantic Bank of New York in the names of the payees on the checks.

Investigators traced proceeds of the crime into accounts held by Murphy at TD Waterhouse and Ameritrade. Those accounts and the open Atlantic Bank accounts were frozen and seized for forfeiture.

Having pleaded guilty, Josef Murphy faces a maximum sentence of thirty years imprisonment and a maximum fine of over \$16 million on the two charges. Sentencing is scheduled for September 16, 2005.

The case was investigated by Detective Robert Moser of the Wilmington Police Department, Special Agent Peter Gangel of the Federal Bureau of Investigation, and Special Agent Robert Delgado of the Internal Revenue Service, Criminal Investigations. U.S. Attorney Colm F. Connolly commended their work, stating, "The diligent effort of these law enforcement officers prevented the dissipation of the criminal proceeds and allowed for the seizure and recovery of all the money embezzled by Josef Murphy." The case is being prosecuted by Assistant U.S. Attorneys Beth Moskow-Schnoll and Douglas McCann.