

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
401 Market Street, Fourth Floor
Camden, New Jersey 08101



Christopher J. Christie, U.S. Attorney

More Information? Contact the Assistant U.S. Attorney or other contact listed below to see if more information is available.

News on the Internet: News Releases, related documents and advisories are posted short-term at our website, along with links to our archived releases at the Department of Justice in Washington, D.C. **Go to:** <http://www.usdoj.gov/usao/nj/press/>

Assistant U.S. Attorney
ALLEN HARBERG, JR.
856-757-5231

phel0627.rel
FOR IMMEDIATE RELEASE
June 27, 2008

Assistant Vice President Admits Defrauding The South Jersey Federal Credit Union

(More)

Greg Reinert, PAO
Public Affairs Office

856-757-5233
973-645-2888

Breaking News (NJ) <http://www.usdoj.gov/usao/nj/press/index.html>

CAMDEN – An assistant vice president of loss prevention for the South Jersey Federal Credit Union pleaded guilty today for her scheme to defraud the credit union of up to \$400,000, U.S. Attorney Christopher J. Christie announced.

Nora Phelps, 48, of Clementon, pleaded guilty before U.S. District Judge Noel L. Hillman to one count of bank fraud. Judge Hillman released the defendant on \$10,000 bond pending sentencing, which is scheduled for October 3.

At her plea hearing, Phelps stated that in 1977 she accepted a job with the South Jersey Federal Credit Union (“SJFCU”) and over the years rose up the employment ladder, ultimately assuming the position of assistant vice president of loss prevention. As assistant vice president, Phelps admitted that she was responsible for, among other things, collecting delinquent loans and minimizing SJFCU’s risk of financial loss due to fraudulent activity. Phelps admitted that her job required her to have extensive access to and full knowledge of the SJFCU’s operating and information systems.

Phelps admitted that since at least 2005, she devised and implemented fraudulent methods to transfer SJFCU funds into accounts that she controlled. One of these methods consisted of diverting money collected by check or cash, primarily from credit union members making payments on charged-off loans, by depositing the funds into the accounts of some of Phelps’ family members, instead of posting the funds to the appropriate members’ loan accounts, she admitted. Phelps also removed funds out of the credit union’s general ledger account and caused the funds to be deposited into the accounts of her family members and then arranged for the funds to be transferred into her own account.

As part of the plea agreement, the government reserved its right to argue at sentencing that the loss was between \$200,000 and \$400,000. Phelps had reserved her right to argue for a lesser loss amount, but agreed that the loss amount was at least over \$30,000.

The charge of bank fraud carries a maximum penalty of 30 years in prison and a fine of \$1 million.

In determining an actual sentence, Judge Hillman will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Janice K. Fedarck in Philadelphia, with the investigation leading to the guilty plea.

The Government is represented by Assistant U.S. Attorney Allen Harberg of the Criminal Division in Camden.

– end –

Defense Attorney: John Eastlack, Esq. Washington Township