

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
970 Broad Street, Seventh Floor
Newark, New Jersey 07102



Ralph J. Marra, Jr., Acting U.S. Attorney

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

News on the Internet. News Releases and related documents are posted at our website.
Go to: <http://www.usdoj.gov/usao/nj/press/index.html>

Contact:
Michael Drewniak, Public Affairs Officer
973-645-2888

mich0930.rel
FOR IMMEDIATE RELEASE
Sept. 30, 2009

Small Business CEO Admits Bank Fraud

(More)

Public Affairs Office
Michael Drewniak, PAO

973-645-2888

<http://www.usdoj.gov/usao/nj/press/index.html>

TRENTON – An attorney and former company CEO pleaded guilty today to bank fraud, admitting that he engaged in a scheme to defraud Commerce Bank, Provident Bank and other financial institutions, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

Jeffrey E. Michelson, 60, of Roxbury Township, pleaded guilty to a one-count criminal Information charging bank fraud before U.S. District Judge Freda L. Wolfson. Michelson is free on an unsecured \$250,000 bond pending sentencing, which is scheduled for Jan. 18.

At his plea hearing, Michelson admitted that, between July 2005 and November 2008, he schemed in various ways to defraud Commerce Bank and Provident Bank while serving as the CEO of a cigarette, candy and sundries distribution company in Newark.

Michelson admitted that, on several occasions, he altered checks received from companies to reflect a much greater amount than that intended by the payor. After doing so, Michelson deposited the checks into the company bank account via a “remote deposit capture” system, which allowed the company to obtain larger deposits and instant credit in the company’s operating account.

Michelson admitted that his company obtained in excess of \$535,000 in fraudulent deposits as a result of this scheme. Michelson also admitted that he repeatedly presented worthless checks – in excess of \$3.25 million – which had the effect of creating a temporary credit in the company’s operating accounts.

Regarding a company loan issued by Provident Bank, Michelson also admitted that, in order to ensure that Provident Bank continued to extend the company a \$2.5 million line of credit, he submitted fictitious documents that grossly inflated the company’s asset balance. As a result, Provident Bank continued to extend the company a line of credit, unaware of the company’s true financial status.

The charge to which Michelson pleaded guilty carries a maximum statutory penalty of 30 years in prison and a \$1 million fine. However, in determining an actual sentence, Judge Wolfson 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, including acceptance of responsibility. The judge has discretion and 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 of that time.

Marra credited Special Agents of the FBI, under the direction of Special Agent in Charge

Weysan Dun, for the investigation of Michelson. He also credited investigators with the U.S. Attorney's Office in Newark for their assistance in the investigation.

This case is being prosecuted by Assistant U.S. Attorney Christopher J. Gramiccioni of the Office's Special Prosecutions Division.

-end-

Defense counsel Jeffrey M. Advokat, Esq. Morristown