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News Release

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Credit union employee sentenced for stealing \$388,000 from a computer parts manufacturer

Earlier today in federal court in Minneapolis, a 46-year-old Brooklyn Park man was sentenced for scheming a computer parts manufacturer out of approximately \$388,000. United States District Court Judge John R. Tunheim sentenced Phillip Adrian Webb to 15 months in prison on one count of mail fraud. He was charged on October 6, 2010, and pleaded guilty on November 1, 2010.

In his plea agreement, Webb admitted that between June 1, 2007, and October 11, 2009, he, in his capacity as manager of network services for the Postal Credit Union ("PCU"), falsely notified Cisco Systems, Inc., a computer parts manufacturer, that various parts in the PCU's computer systems were faulty. According to the service agreement between Cisco and the PCU, such reports would prompt Cisco to ship the PCU replacement parts; and, in return, the PCU would return the defective parts to Cisco. However, Webb sold the Cisco replacement parts online for his own financial benefit and obtained cheap second-hand units to return to Cisco as defective.

Specifically, on June 29, 2009, Webb contacted Cisco, falsely claiming an ethernet port switch, valued at approximately \$7,500, was faulty. Cisco immediately sent the PCU a replacement part, which Webb kept for himself. Then, on July 10, 2009, Webb returned the so-called defective switch. In reality, though, he returned nothing more than an inexpensive second-hand part acquired elsewhere.

During the course of this scheme, Webb returned to Cisco 55 "defective" parts, 42 of which were actually less expensive replacements for good computers parts that Webb falsely claimed were defective. Only 13 of those 55 parts were actually defective. The estimated loss to Cisco because of this fraud was approximately \$388,000.

This case was the result of an investigation by the U.S. Postal Inspection Service and the Internal Revenue Service-Criminal Investigation Division. It was prosecuted by Assistant U.S. Attorney John Docherty.

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