

FEB -7 2012

United States District Court
District of New Jersey

MADELINE COX ARLEO
U.S. MAG. JUDGE

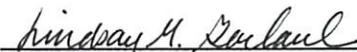
UNITED STATES OF AMERICA : Hon. Madeline Cox Arleo
v. :
KAREN R. FEBLES : Magistrate No. 12-8004
: **CRIMINAL COMPLAINT**

I, Lindsay M. Garland, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHMENT B



Lindsay M. Garland, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
on February 7, 2012 at Newark, New Jersey

HONORABLE MADELINE COX ARLEO
United States Magistrate Judge



Signature of Judicial Officer

ATTACHMENT A

COUNT ONE

From in or about 2007 through in or about September 2011, in Bergen and Passaic Counties, in the District of New Jersey and elsewhere, defendant

KAREN R. FEBLES

did knowingly execute and attempt to execute a scheme and artifice with intent to defraud a financial institution, namely JPMorgan Chase & Co., and to obtain money, funds, and assets owned by and under the custody and control thereof, by means of materially false and fraudulent pretenses, representations, and promises.

In violation of Title 18, United States Code, Section 1344 and Section 2.

COUNT TWO

From in or about 2007 through in or about September 2011, in Bergen and Passaic Counties, in the District of New Jersey and elsewhere, defendant

KAREN R. FEBLES

did, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, conduct and attempt to conduct such a financial transaction which in fact involved the proceeds of unlawful activity, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity.

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(I) and Section 2.

ATTACHMENT B

I, Lindsay M. Garland, am a Special Agent with the Federal Bureau of Investigation (“FBI”). I have knowledge about the facts set forth below from my involvement in the investigation, review of reports and documents, and discussions with other law enforcement officials. This complaint is submitted for a limited purpose, and I have not set forth each and every fact that I know concerning this investigation. All statements described herein are relayed in substance and in part.

INTRODUCTION

1. The investigation to date has revealed that, during her employment as the executive assistant to a retired employee (the “Victim”) of a financial institution, KAREN R. FEBLES (“FEBLES”) fraudulently obtained at least \$1.8 million from the Victim. FEBLES fraudulently deposited checks written from the Victim’s bank account into her personal bank account. She also kept portions of U.S. currency from checks that had been negotiated from accounts held by the Victim. Further, in an effort to conceal her fraud, FEBLES transferred more than \$200,000 in funds that she had fraudulently obtained from the Victim’s bank account into an account held in the name of FEBLES’s minor child, which FEBLES controlled.

COUNT 1 **(Bank Fraud)**

2. FEBLES was employed by the financial institution from at least 2000 through in or about September 2011. FEBLES’s employment included assisting the Victim in the Victim’s personal and professional finances. The financial institution terminated FEBLES’s employment in or about September 2011.

3. As part of her employment, FEBLES routinely prepared checks to be signed by the Victim. FEBLES prepared the checks by hand, filled in the amounts and the payee, and presented the checks for the Victim’s signature. Many of these checks were made payable to the Victim, or to “petty cash” or “cash,” and were to be negotiated by FEBLES for U.S. currency which was then to be used to pay the Victim’s employees and other expenses.

4. A review of bank records for bank accounts held by the Victim in New York and elsewhere indicates that the amounts written on checks made payable to the Victim, or to “petty cash” or “cash,” grossly exceeded the amounts that the Victim authorized to be withdrawn from his bank accounts. For example, in or about 2010, the Victim’s expenses which were to be paid in cash totaled approximately \$450,000. However, checks in excess of \$1,100,000 were issued that year from the Victim’s bank accounts. A review of bank records for the years 2008, 2009, and 2011 similarly revealed large amounts of unexplained withdrawals.

5. Based upon these figures, from in or about 2008 until FEBLES was terminated by the financial institution in or about September 2011, approximately \$1.8 million in unauthorized withdrawals were made from the Victim’s bank accounts in New York and elsewhere. Other than the Victim, FEBLES was the only individual who had access to the Victim’s bank accounts.

6. A review of some of the checks negotiated by FEBLES indicates that the checks were fraudulently altered by FEBLES after the Victim signed them. Specifically, numbers and words appear to have been added to the checks, without the Victim's prior authorization or knowledge, in order to increase the amounts of the checks. For example, JPMorgan Chase & Co. check number 1112, issued on or about December 6, 2010, appears to have been made out for nine hundred dollars (\$900). However, when the check was negotiated by FEBLES, it had been altered to add the words "nine thousand" before the words "nine hundred." Additionally, a nine (9) was added prior to the figure nine hundred (900), thereby resulting in the check being made payable for \$9,900 instead of the \$900 authorized by the Victim.

7. As discussed below, a review of bank records for bank accounts held by FEBLES in New Jersey and elsewhere demonstrates large amounts of cash deposits and expenditures inconsistent with FEBLES's legitimate earnings. Of note, FEBLES never made more than \$93,000 in salary per year during her employment with the financial institution, and the investigation has not revealed that FEBLES had any other sources of income other than from her employment at the financial institution, despite the deposits and expenditures discussed below.

8. A review of bank records for bank accounts held by FEBLES in New Jersey and elsewhere demonstrates that, between in or about 2007 through in or about 2011, more than \$400,000 in U.S. currency was deposited into bank accounts held by FEBLES.

9. In addition, checks written from the Victim's bank accounts in New York and elsewhere, and made out to the Victim or to "petty cash" or "cash," were deposited directly into FEBLES's bank accounts in New Jersey and elsewhere. Specifically, such checks totaling at least \$470,000 were deposited directly into FEBLES's personal bank accounts. However, at no time did the Victim authorize FEBLES to negotiate checks from the Victim's bank accounts for FEBLES's personal expenses.

10. A further review of bank records for bank accounts held by FEBLES, and of other financial records, demonstrates large amounts of personal expenditures inconsistent with FEBLES's salary at the financial institution. For example, in or about July 2011, FEBLES purchased a Range Rover with \$52,720 in U.S. currency, and in or about September 2011, FEBLES purchased a Mercedes Benz with \$34,650 in U.S. currency. Moreover, between in or about 2007 through in or about 2011, FEBLES spent approximately \$45,000 on vacation cruises, more than \$100,000 on real estate related expenses, more than \$20,000 on automobile payments (in addition to the Range Rover and Mercedes Benz purchases), and more than \$20,000 on other personal expenses, including entertainment, meals, travel, and clothing.

COUNT 2
(Money Laundering)

11. A review of bank records for bank accounts held by FEBLES in New Jersey and elsewhere demonstrates that, between in or about 2007 through in or about 2011, more than \$200,000 in U.S. currency and transferred funds from accounts held by FEBLES were credited to accounts held in the name of FEBLES's minor child. The transferring accounts had previously fraudulently received deposits of large amounts of U.S. currency and checks made payable from the

Victim's bank accounts. For instance, on July 1, 2011, a transfer of \$10,000 was executed from an account held by FEBLES, which was then credited to an account held in the name of FEBLES's minor child. The originating account of the transfer had, in part, been funded by approximately \$120,000 in checks drawn off of accounts held by the Victim. FEBLES maintained signatory authority over the accounts held in the name of her minor child.

12. Based upon my training and experience, I know that individuals will frequently transfer ill-gotten funds into accounts held in the names of family members or close friends while continuing to maintain control over those funds. These transfers are conducted in an effort to conceal or hide the origin of the funds from law enforcement and other governmental authorities.

13. At all times relevant to this Complaint, JPMorgan Chase & Co. and all financial institutions discussed in this Complaint were domestic financial institutions within the meaning of Title 31, United States Code, Section 5313(a), and Title 31, Code of Federal Regulations, Sections 103.11 and 103.22(a).