



Department of Justice

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EXECUTIVE PLED GUILTY TO EMBEZZLING FROM EMPLOYEE BENEFIT PLAN

ALBANY, NY – United States Attorney Andrew T. Baxter announces that BRIAN J. CONROY, age 61, of Gloversville, New York, pled guilty today in United States District Court in Albany before the Honorable Thomas J. McAvoy, to a one-count Information charging him with the felony offense of embezzling over \$330,000 from an employee benefit plan, in violation of Title 18, United States Code, Section 664.

CONROY was the sole trustee of the Employees' Savings, Profit Sharing and Retirement Fund ("The Plan") of Joseph P. Conroy, Inc., a New York State corporation that manufactures gloves and leather goods. CONROY is the president of the company. Its factory and offices are located at 110 South Market Street, Johnstown, in Fulton County, New York. As the trustee, CONROY owed an affirmative duty to the Plan to discharge his fiduciary duties as required by law.

The Plan is subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") (29 U.S.C. §§ 1001-1191c), and had eight participants as of the time its last annual report was filed in 2006.

In connection with his guilty plea today, CONROY admitted the following facts, among others, in a written plea agreement and in his plea proceeding:

On or about June 8, 2000, Defendant BRIAN J. CONROY signed a "Trustee Certification and Agreement" in which, as the sole signatory, he represented that he was the sole trustee of the Plan and established an account for the Plan with Salomon Smith Barney, Inc.

From on or about January 25, 2001, through on or about July 10, 2007, defendant BRIAN J. CONROY wrote a series of checks to himself and companies he controlled, including Joseph P. Conroy, Inc., Conroy Imports Inc., and Norwell Gloves, Inc. The checks, which CONROY was not authorized to write because they were not lawful distributions of the Plan, nor were they otherwise permitted by the Plan agreement, totaled \$338,360.68. The Plan has made no distributions to any employees since at least July 10, 2007, and its bank balance as of July 2007 was \$10.29.

To conceal his thefts from the Plan, CONROY provided misleading and incomplete information to the Plan's accountant. CONROY claimed he was merely "borrowing" money from his own share of the Plan's funds, but never executed any loan documents, and has not repaid any of the money he withdrew from the account since July 2007. CONROY stopped providing the Plan's account statements to the Plan's accountant and failed to pay the accountant for his services, then stopped employing an accountant altogether and performed the plan's accounting and prepared both the participants' quarterly statements and the Plan's financial statements himself. Both the quarterly statements and the Plan's financial statements which CONROY prepared made material misrepresentations regarding the Plan's funds.

On or about October 26, 2006, CONROY falsely stated on Schedule I of the Plan's I.R.S. Form 5500 ("Annual Return/Report of Employee Benefit Plan") for the tax year 2005, a report required by ERISA to be published, that the Plan's assets were \$335,795 as of the year ending March 2006, when in fact, as CONROY then and there knew, the true value of the Plan's assets in the year ending March 2006 were depleted to \$93,158. CONROY signed the Plan's 2005 I.R.S. Form 5500 under penalties of perjury.

To conceal the thefts from the Plan's participants, some of whom are more than eighty years old, CONROY mailed his falsified reports of the Plan's quarterly statements to them. CONROY also mailed the Plan participants signed, handwritten and typed correspondence in which he attempted to reassure them that their distributions were forthcoming, and provided false information about the growth of their funds in the Plan and the availability of their funds for distributions. CONROY failed to fulfill their requests for distributions despite promising them that the distributions would be made shortly. In direct violation of the terms of the Plan agreement and ERISA, he simply never made them.

CONROY agreed to pay full restitution. Judge McAvoy released CONROY with conditions and scheduled his sentencing for Tuesday, April 20, 2010, at 9:30 a.m. in U.S. District Court in Binghamton, New York. CONROY faces a maximum possible sentence of five years of imprisonment, a fine of up to \$250,000, a period of up to three years of supervised release, and a prohibition from directly or indirectly participating in the affairs of any labor organization or employee benefit plan for the period of thirteen years after conviction or after the end of any incarceration.

The case was investigated by the U.S. Department of Labor, Employee Benefits Security Administration, and Office of Labor Racketeering and Fraud Investigations. It was prosecuted by Assistant United States Attorney Joshua S. Vinciguerra.

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