

Department of Justice

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FOR IMMEDIATE RELEASE
JUNE 21, 2011
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FORMER EMPLOYEE SENTENCED FOR DEFRAUDING PAYCHEX

ROCHESTER, N.Y.--U.S. Attorney William J. Hochul, Jr. announced today that Howard Schwartz, 36, of Chicago, Illinois, who was convicted of defrauding Paychex Inc., was sentenced by District Court Judge David G. Larimer to six months home confinement and five years probation.

Assistant U.S. Attorney Richard A. Resnick, who handled the case, stated that the defendant was employed by Paychex from May 1998 to March 2009. During a portion of his employment, Schwartz served on a management team which allowed him access to Paychex branch procedures and day-to-day operations as well as the hiring of new clients.

On May 24, 2010, after receiving confidential information from another Paychex employee about a client, Vetpharm Inc, the defendant posed as a representative from Vetpharm Inc. and called Paychex Inc. to report a new employee. Schwartz requested that an individual by the name of Courtney Ellis be added into the payroll system, using Direct Deposit payroll. The proper paperwork and information regarding a bank account in the name of Courtney Ellis at Bank of America was faxed to Paychex. The company then set up the direct deposit payroll for the new employee that same day.

Again, on May 24, 2010 and on May 25, 2010, Schwartz, posing again as a representative from Vetpharm Inc., called Paychex and requested that Courtney Ellis be paid a total amount of \$101,680.33 in net pay. As a result, that amount was electronically withdrawn from Vetpharm Inc.'s bank and deposited into Ellis' bank account at Bank of America. After discovering the fraud, Paychex reimbursed Vetpharm Inc. for the fraudulent withdrawals. The company was able to recover \$81,476.41 from the Courtney Ellis account at Bank of America and \$10,101.96 from the defendant's bank accounts but still incurred a loss of \$10,101.96.

The sentencing is the culmination of an investigation by the United States Secret Service, under the direction of Tracy Gast, Special Agent in Charge.

