

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
	:	Criminal No. 18 -
v.	:	
	:	18 U.S.C. §§ 981(a)(1)(C), 1343, 1344 and 2
	:	26 U.S.C. § 7201
FREDERICK MURPHY, JR.	:	28 U.S.C. § 2461(c)

**INFORMATION**

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

**COUNT 1**

**(Scheme to Defraud Facilitated by Use of Interstate Wire Transmissions)**

**Defendant and Entities**

1. At all times relevant to Count 1 of this Information:

A. Defendant FREDERICK MURPHY, JR. (“defendant MURPHY”), a resident of Bloomfield, New Jersey, was the treasurer for the election campaign associated with a candidate for Mayor in Newark, New Jersey (the “Campaign”).

B. Pursuant to New Jersey campaign finance law, the Campaign was required to file quarterly reports of its financial activity with the New Jersey Election Law Enforcement Commission (“ELEC”). The Campaign was required to appoint a treasurer, create a campaign depository (a bank account), and file its financial activity information with ELEC. After receiving and reviewing filed reports from campaigns, generally, ELEC routinely placed the filed reports on its internet website for public reference.

C. The Campaign was organized into two reporting committees, to which defendant MURPHY was the appointed treasurer. One committee was dedicated to the election and re-election efforts of the candidate for Mayor, while the other committee was dedicated to the election and re-election efforts of both the candidate for Mayor and certain Municipal Council candidates affiliated with the candidate for Mayor as part of a team. The Campaign maintained two bank accounts, one for each reporting committee, Campaign Account 1 and Campaign Account 2, at a bank in New Jersey (the “Bank”). Defendant MURPHY was the sole signatory on both Campaign Account 1 and Campaign Account 2 (collectively, the “Campaign Accounts”).

2. Between in or about 2014 and in or about 2017, while defendant MURPHY served as the treasurer for the Campaign, he also was employed by the City of Newark, receiving a yearly salary of between approximately \$31,000 and \$65,000.

3. Between in or about January 2014 and in or about December 2016, defendant MURPHY received income from two additional organizations, including: (1) approximately \$31,475 in or about 2014 and approximately \$14,658 in or about 2015 from the Covenant House of New Jersey; and (2) approximately \$22,601 in or about 2014 from the Gateway Foundation.

4. Defendant MURPHY’s relative (“Relative 1”) was an employee of the Bank from in or about 2002 through in or about 2014. During that time, Relative 1 held several positions at a Bank branch location in Essex County (“Bank Branch”), including Branch Manager, Assistant Cashier, and Branch Sales Manager. Because of Relative 1’s long-term employment and leadership positions at the Bank Branch, defendant MURPHY and Bank Branch personnel shared a level of familiarity with one another.

5. From in or about January 2014 through in or about March 2017, in Essex County, in the District of New Jersey, and elsewhere, defendant

FREDERICK MURPHY, JR.

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud the Campaign and to obtain money and property from the Campaign by means of materially false and fraudulent pretenses, representations, and promises, as described below.

6. The goal of this scheme and artifice to defraud was for defendant MURPHY, facilitated by the use of interstate wire transmissions, to obtain money from the Campaign through embezzlement, and under the false pretense that these funds were legitimate disbursements from the Campaign Accounts. Defendant MURPHY converted these funds for his use, and for the use of others, instead of paying legitimate expenses related to the Campaign.

7. It was a part of this scheme and artifice to defraud that:

A. From in or about January 2014 through in or about March 2017, defendant MURPHY issued checks from the Campaign Accounts to various consultants and vendors for fictitious services that were not rendered. The consultants and vendors did not know that these checks had been written in their names from the Campaign Accounts.

B. During that time, defendant MURPHY kept these fraudulent checks written in the name of consultants and vendors.

C. From in or about January 2014 through in or about March 2017, defendant MURPHY took these fraudulent checks written in the name of consultants and vendors to the Bank Branch. Each check contained the forged endorsement of the check payees and defendant MURPHY's own signature as a double endorsement. Defendant MURPHY then cashed each check through a teller at the Bank Branch. Due to the Bank Branch tellers' familiarity with

defendant MURPHY, the checks were routinely processed without difficulty and defendant MURPHY received the cash proceeds of each fraudulent check that he brought to the Bank Branch.

D. Through the above-described scheme, defendant MURPHY fraudulently obtained approximately \$223,743 from the Campaign Accounts from in or about January 2014 through in or about March 2017.

E. Between in or about January 2014 and in or about March 2017, defendant MURPHY completed, signed, and submitted Reports of Contributions and Expenditures (the "Reports") for the Campaign Accounts to ELEC in Trenton, New Jersey, on a quarterly basis. In these Reports, defendant MURPHY listed as legitimate campaign expenditures all of the fraudulent checks made out to consultants and vendors for work that was not performed. By issuing these false reports, defendant MURPHY created the false pretense and impression that the Campaign Accounts were being used solely for legitimate campaign-related expenditures, concealing defendant MURPHY's conversion of these fraudulent checks.

F. Defendant MURPHY submitted the Reports to ELEC with the knowledge and intent that the Reports would be uploaded by ELEC onto its internet website for public reference.

8. On or about the dates listed below, in Essex County, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, defendant

FREDERICK MURPHY, JR.

knowingly and intentionally transmitted and caused to be transmitted in interstate commerce by means of wire, radio and television communications certain writings, signs, signals, pictures, and sounds, as listed below:

DATE	WIRE TRANSMISSION
04-15-2015	Defendant MURPHY signed and submitted a false and fraudulent Report of Contributions and Expenditures for Campaign Account 1 to ELEC for the First Quarter of 2015, causing it to be posted by ELEC to the internet for public reference.
10-15-2015	Defendant MURPHY signed and submitted a false and fraudulent Report of Contributions and Expenditures for Campaign Account 2 to ELEC for the Third Quarter of 2015, causing it to be posted by ELEC to the internet for public reference.
01-26-2017	Defendant MURPHY signed and submitted a false and fraudulent Report of Contributions and Expenditures for Campaign Account 1 to ELEC for the Fourth Quarter of 2016, causing it to be posted by ELEC to the internet for public reference.
01-26-2017	Defendant MURPHY signed and submitted a false and fraudulent Report of Contributions and Expenditures for Campaign Account 2 to ELEC for the Fourth Quarter of 2016, causing it to be posted by ELEC to the internet for public reference.

In violation of Title 18, United States Code, Section 1343 and Section 2.

**COUNT 2**  
**(Bank Fraud)**

1. Paragraphs 1, 4 and 7 of Count 1 of this Information are hereby incorporated and realleged as if fully set forth herein.

2. From in or about January 2014 through in or about March 2017, in the District of New Jersey, and elsewhere, defendant

FREDERICK MURPHY, JR.

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of a financial institution, namely, the Bank, by means of materially false and fraudulent pretenses, representations, and promises.

3. The goal of this scheme and artifice to defraud was for defendant MURPHY, facilitated by fraudulent transactions at the Bank Branch (whose deposits were insured by the Federal Deposit Insurance Corporation), to obtain money from the Campaign, that was under the care, custody, and control of the Bank, through forgery and false representations on certain checks that defendant MURPHY caused to be presented to the Bank Branch for payment.

4. On or about the dates set forth below, in furtherance of the above described scheme and to achieve its objective, in the District of New Jersey, and elsewhere, defendant

FRDERICK MURPHY, JR.

obtained the following moneys, funds, credits, assets, securities, and other property, among other things, owned by, and under the custody and control of the Bank, by means of materially false and fraudulent pretenses, representations, and promises, including forgery and other fraudulent

practices:

FRAUDULENT BANK TRANSACTIONS					
Check Date	Check From	Check Payable To	Check Amount	Fraudulent Endorsement by MURPHY	Check Presented to the Bank Branch for Payment by MURPHY
08-24-15	Campaign Account 2	D.B.	\$500	Yes	Yes
10-03-15	Campaign Account 1	D.B.	\$525	Yes	Yes
01-19-16	Campaign Account 2	D.B.	\$300	Yes	Yes
08-18-16	Campaign Account 1	D.B.	\$600	Yes	Yes
01-10-17	Campaign Account 1	D.B.	\$350	Yes	Yes
02-04-17	Campaign Account 2	D.B.	\$350	Yes	Yes

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

**COUNTS 3 to 5**  
**(Income Tax Evasion)**

1. Paragraphs 1 to 7 of Count 1 of this Information are hereby incorporated and realleged as if set forth fully herein.

2. From in or about January 2014 through in or about December 2016, defendant MURPHY embezzled funds from the Campaign Accounts as follows:

<b>Year</b>	<b>Approximate Amount of Income Embezzled from the Campaign Accounts</b>
2014	\$33,780
2015	\$62,359
2016	\$102,954
<b>Total</b>	<b>\$206,693</b>

3. Having received the above-listed income from the Campaign Accounts, defendant MURPHY was required by law, following the close of each calendar year and on or before the deadline for filing personal income tax returns (IRS Forms 1040), to make and file income tax returns to the Internal Revenue Service (“IRS”) stating specifically the items of his gross income and any deductions and credits to which he was entitled.

4. Between in or about January 2014 and in or about December 2016, defendant MURPHY intentionally did not accurately report the income that he received during this time period, as set forth in paragraph 2, by filing with the IRS false federal personal income tax returns (IRS Forms 1040) for tax years 2014, 2015, and 2016 that substantially underreported defendant MURPHY’s income in the following amounts:



<b>Unreported Income From Embezzled Funds By Tax Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Adjusted Gross Income from filed IRS Form 1040</b>	\$86,215	\$79,503	\$67,575
<b>Unreported Income from Embezzled Funds</b>	\$33,780	\$62,359	\$102,954
<b>Other Unreported Income</b>		\$7,600	
<b>Corrected Adjusted Gross Income</b>	\$119,995	\$149,462	170,529

5. On or about the dates set forth below, in Essex County, in the District of New Jersey and elsewhere, defendant

FREDERICK MURPHY JR.

did willfully attempt to evade and defeat a substantial tax due and owing by him to the IRS for the tax years set forth below by filing false federal personal tax returns that substantially under-reported the income that defendant MURPHY received as set forth in paragraph 4:

<b>Count</b>	<b>Returns &amp; Tax Year</b>	<b>Approximate Additional Tax Due and Owing</b>	<b>Date of Offense</b>
3	IRS Form 1040 - 2014	\$9,564	03-23-15
4	IRS Form 1040 - 2015	\$19,522	02-22-16
5	IRS Form 1040 - 2016	\$24,997	02-20-17
		<b>\$54,083</b>	

In violation of Title 26, United States Code, Section 7201.

### FORFEITURE ALLEGATIONS

1. The allegations contained in all paragraphs of Counts 1 and 2 of this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of committing the aforementioned offenses in violation of Title 18, United States Code, Section 1343 in Count 1 and Title 18, United States Code, Section 1344 in Count 2 of this Information, defendant FREDERICK MURPHY shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, that constituted and was derived from proceeds traceable to the commission of the offenses, totaling \$223,743.

3. If any of the above-described forfeitable property, as a result of any act or omission of defendant MURPHY:

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third party;
- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of defendant MURPHY up to the value of the above forfeitable property.

Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28,  
United States Code, Section 2461(c).

*Craig Carpenito*

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CRAIG CARPENITO  
United States Attorney

**CASE NUMBER:**

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**UNITED STATES OF AMERICA**

**v.**

**FREDERICK MURPHY, JR.**

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**INFORMATION FOR**

18 U.S.C. §§ 981(a)(1)(C), 1343, 1344 and 2  
26 U.S.C. § 7201  
28 U.S.C. § 2461(c)

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**CRAIG CARPENITO**

*U.S. ATTORNEY  
NEWARK, NEW JERSEY*

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JIHEE G. SUH**

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