



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
August 21, 2006

CONTACT: U.S. ATTORNEY'S OFFICE
HEATHER TASKER, LAUREN MCDONOUGH
PUBLIC INFORMATION OFFICE
(212) 637-2600

**FORMER BANK MAILROOM EMPLOYEE PLEADS GUILTY TO
STEALING MORE THAN \$100 MILLION IN CORPORATE CHECKS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that GREGORY HALLEY, a former mailroom employee at JPMorgan Chase & Co., pleaded guilty today in Manhattan federal court to one count of conspiracy to commit bank fraud, stemming from his theft of more than \$100 million in corporate checks from a JPMorgan Chase facility in Brooklyn. HALLEY was arrested on April 21, 2006 as he finished his shift and left the facility with approximately 40 stolen checks - worth approximately \$4 million - hidden in his socks. HALLEY's plea was accepted by United States Magistrate Judge Gabriel W. Gorenstein. HALLEY will be sentenced by United States District Judge Barbara S. Jones on June 8, 2007 at 2:00 p.m.

According to a Criminal Information filed today, HALLEY was employed from approximately 2002 until his arrest at the facility in Brooklyn where JPMorgan Chase operates a "lockbox" system on behalf of various large, corporate account holders. Under the "lockbox" system, an individual or entity seeking to pay one of the participating account holders by check is provided a mailing address that causes the check to be delivered directly to JPMorgan Chase, rather than to the account holder's corporate address. Upon receiving the check on behalf of the account holder, JPMorgan Chase processes the check and credits the amount of the check to the account holder's account.

From at least 2005 until his arrest on April 21, 2006, HALLEY used his employment in the mailroom where JPMorgan Chase processes lockbox checks to steal more than \$100 million worth of those checks. Specifically, several times each week, HALLEY hid as many as several dozen checks - generally worth at least \$50,000 each - in his clothing and took them home from the lockbox facility.

After stealing the checks, HALLEY handed them over to co-conspirators in exchange for cash payments. One such co-conspirator

- BERNARD ELLIS - was arrested on the same night that HALLEY was apprehended. During a search of ELLIS' car that night, United States Postal Inspectors recovered approximately 100 stolen checks totaling approximately \$7 million. The charge against ELLIS has been brought by criminal Information and is assigned to United States District Judge Victor Marrero.

The Information identifies two examples of the various means by which checks stolen from the JPMorgan Chase Lockbox were ultimately negotiated. At least two individuals - HILLARY AGUGBO and KENNY OLA LABBE - have been arrested and indicted for their participation in schemes to negotiate checks stolen from the lockbox facility. The charges against AGUGBO and LABBE are pending before United States District Judges P. Kevin Castel and Robert W. Sweet, respectively.

HALLEY, 38, faces a maximum penalty of 30 years in prison.

Mr. GARCIA praised the efforts of the United States Postal Inspection Service in the investigation of this case. Mr. GARCIA also thanked JPMorgan Chase & Co. for its cooperation in the investigation.

Assistant United States Attorneys MICHAEL A. LEVY and SEETHA RAMACHANDRAN are in charge of the prosecution.

06-126

###