



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

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FORMER BARUCH COLLEGE BASKETBALL COACH AND ATHLETICS OFFICIAL CHARGED WITH EMBEZZLEMENT

NEW YORK CITY - New York State Inspector General Catherine Leahy Scott, United States Attorney for the Southern District of New York Preet Bharara, and Brian M. Hickey, the Special Agent-in-Charge of the Northeast Regional Office of the Department of Education's Office of the Inspector General ("ED-OIG"), announced today that MACHLI JOSEPH was arrested this morning and charged in Manhattan federal court with embezzling more than half a million dollars in funds intended for Baruch College for the rental of their athletic facilities. JOSEPH was arrested by ED-OIG agents in New Jersey. He will be presented before Magistrate Judge Gabriel Gorenstein in Manhattan this afternoon.

New York State Inspector General Catherine Leahy Scott said: "This once-trusted college athletic official abused his position and the facilities he was entrusted with to steal more than a half million dollars in public funds to use for his own personal benefit. These crimes, as alleged, were clearly symptoms of the problematic policies and oversight throughout CUNY facilities that I am currently investigating as a separate matter. I truly believe critical criminal cases like this one today come together only through effective law enforcement partnerships, and I thank U.S. Attorney Bharara and Agent-in-Charge Hickey and their offices for their work on this case."

Manhattan U.S. Attorney Preet Bharara said: "Machli Joseph, Baruch College's former basketball coach, allegedly drew up his own game plan for fraud, stealing more than half a million dollars meant for the college that he instead spent on himself. Embezzling money from a public college is no game, and for allegedly taking criminal advantage of his control over Baruch's basketball courts, Joseph will now face federal charges in a court of law. We thank the New York State Inspector General and Department of Education Office of Inspector General for their excellent investigative work in this case."

ED-OIG Special Agent-in-Charge Brian M. Hickey said: "Today's action alleges that Mr. Joseph knowingly abused his position of trust to steal funds from the very ones he promised to serve – Baruch College students. That is unacceptable. As the law enforcement arm of the U.S. Department of Education, we will continue to aggressively pursue those who misappropriate education funds for their own purposes. America's students and taxpayers deserve nothing less."

According to the allegations in the Complaint filed yesterday in Manhattan federal court^[1]:

^[1] As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

MACHLI JOSEPH served as an athletic department official at Baruch College between 2002 and 2016. He served as Baruch's women's basketball head coach between 2004 and 2014, its men's basketball coach in 2002, as assistant athletic director from 2003 to 2011 and as associate athletic director from 2011 until August 2016. At times when the Baruch College gym was not being used by the school's athletic teams, it could be rented out to outside parties. In his administrative capacity, JOSEPH had sole control over those gym rentals and their scheduling.

On numerous occasions between 2010 and 2016, JOSEPH rented the gym to outside parties, ostensibly on behalf of Baruch College. In instructing the renting parties on how to provide payment, however, JOSEPH directed that payment be made to entities that were not, in fact, connected to Baruch College. Instead, they were entities with bank accounts over which JOSEPH had personal control, some of which merely sounded like Baruch-affiliated entities. On several occasions, JOSEPH simply directed that payment be made directly to himself or individual associates of his. Many of these funds were ultimately spent on personal expenses and items for JOSEPH and his family, including renovations to his home in New Jersey. All told, and as alleged in the Complaint, the scheme improperly diverted approximately \$600,000 of payments intended for Baruch College.

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JOSEPH, 42, of Elizabeth, New Jersey, has been charged with one count of embezzlement and misapplication concerning a program receiving federal funds. The charge carries a maximum term of 10 years in prison. The maximum potential sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Bharara praised the investigative work of ED-OIG and the New York State Inspector General's Office, and noted that the investigation is continuing.

The charges contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty in a court of law.

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