

St. Croix Woman Sentenced to 16 Months in Federal Prison for \$372K Embezzlement Scheme

Nicole Morales was sentenced to 16 months in prison and ordered to pay over \$372,000 in restitution after admitting to embezzling funds from her employer, a St. Croix law firm, by inflating her payroll and wiring unauthorized payments to personal accounts

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ST. CROIX — Nicole Morales, a 48-year-old resident of St. Croix and native of California, has been sentenced to 16 months in federal prison after pleading guilty to a scheme that defrauded her employer of \$372,496.34 over a period of more than three years.

The sentence was handed down by District Judge Wilma A. Lewis on Friday following Morales's guilty plea in November 2024 to three counts of wire fraud. In addition to her prison

sentence, Judge Lewis ordered Morales to pay full restitution in the amount of \$372,496.34, along with a \$300 special assessment.

According to court records, Morales was hired in November 2015 by the St. Croix-based law firm Nichols, Newman, Logan, Grey, and Lockwood, P.C. as an office manager. Her responsibilities included processing payroll through Banco Popular and managing the firm's QuickBooks accounting software.

Just a month into her employment, in December 2015, Morales began fraudulently inflating her payroll in QuickBooks. She then wired unauthorized funds from the firm's account at Banco Popular into three separate personal bank accounts under her control.

After each transfer, Morales would manipulate the QuickBooks records, adjusting the figures to reflect her actual salary in an effort to avoid detection. She also generated payroll reports with the corrected figures, which were subsequently approved by her employer.

This fraudulent conduct continued until January 2019, during which time Morales embezzled a total of \$372,496.34 from the law firm.

The case was investigated by the Federal Bureau of Investigation (FBI) and prosecuted by Assistant United States Attorneys Daniel H. Huston and Rhonda Williams-Henry.

The U.S. Attorney's Office for the District of the Virgin Islands, led by U.S. Attorney Delia L. Smith, announced the sentencing and reiterated the office's commitment to holding accountable those who abuse positions of trust for personal gain.