

UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF WEST VIRGINIA

**FILED**

SEP - 5 2018

U.S. DISTRICT COURT-WVND  
WHEELING, WV 26003

UNITED STATES OF AMERICA,

Plaintiff,

v.

KAREN KINSLEY,

Defendant.

Criminal No.

1:18 CR 44

Violation:

18 U.S.C. § 1344

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**INFORMATION**

The United States Attorney charges that:

**COUNT ONE**

(Bank Fraud)

1. Clear Mountain Bank was a financial institution, as defined in Title 18, United States Code, Section 20, which was headquartered in Bruceton Mills, Preston County, West Virginia and which had a branch location inside the Kroger store in Sabraton, Monongalia County, West Virginia.

2. The defendant, **KAREN KINSLEY**, was the manager of the Sabraton branch of Clear Mountain Bank from on or about April 14, 2008 to on or about November 13, 2017.

3. As branch manager, the defendant had authority to approve secured consumer loans up to \$30,000.00 and unsecured consumer loans up to \$5,000.00. Any loan in excess of her authority limit or within her authority limit but involving an underwriting exception, including credit score and debt ratio, beyond an acceptable risk level, required approval by the Senior Vice President for Retail Administration or by a member of the Loan Committee.

4. On an exact date not known to the United States Attorney but at least on or about June 20, 2014, in the Northern District of West Virginia, the defendant, **KAREN KINSLEY**, devised and intended to devise a scheme and artifice to defraud Clear Mountain Bank and to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, Clear Mountain Bank by means of false and fraudulent pretenses, representations, and promises.

**THE SCHEME AND ARTIFICE**

5. The object of the scheme and artifice to defraud was for the defendant to defraud and obtain money from Clear Mountain Bank by the defendant making materially false and fraudulent representations to Clear Mountain Bank employees, Clear Mountain Bank customers, and employees of other banks.

**MANNER AND MEANS OF THE SCHEME AND ARTIFICE**

It was part of the scheme and artifice that:

6. The defendant would originate loans in the names of Clear Mountain Bank customers without the knowledge and authorization of those customers.

7. The defendant would convert proceeds from fraudulent loans to her own personal use, including by cashing disbursement checks and depositing, and causing the deposit of, some of the cash into her personal bank account.

8. The defendant would use some of the proceeds from the fraudulent loans to pay off previous fraudulent loans.

9. The defendant would re-open closed checking and savings accounts without the knowledge and authorization of the account holders; deposit, and cause the deposit of, fraudulent loan proceeds in those accounts; and use those accounts to pay off previous fraudulent loans.

10. The defendant would change the address associated with the fraudulent accounts and loans to an address other than the address of the bank customer.

11. The defendant would make materially false and fraudulent representations to Clear Mountain Bank employees, Clear Mountain Bank customers, and employees of other banks regarding the existence and origination of the fraudulent loans.

**ACTS IN EXECUTION OF THE SCHEME AND ARTIFICE**

In execution of the scheme and artifice, the defendant committed the following acts, among others, in the Northern District of West Virginia and elsewhere:

12. On or about September 25, 2014, the defendant originated Loan Number ending 2050 in the amount of \$8,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

13. On or about August 18, 2015, the defendant originated Loan Number ending 7642 in the amount of \$12,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

14. On or about January 5, 2016, the defendant originated Loan Number ending 0250 in the amount of \$20,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

15. On or about January 29, 2016, the defendant used a loan disbursement check from Loan Number ending 0250 to pay off Loan Number ending 9230.

16. On or about April 12, 2016, the defendant caused a subordinate bank teller to deposit \$1,000.00 of fraudulent loan proceeds into the defendant's personal bank account.

17. On or about July 22, 2016, the defendant caused a subordinate bank teller to deposit \$500.00 of fraudulent loan proceeds into the defendant's personal bank account.

18. On or about September 13, 2016, the defendant sent an e-mail to an employee of another bank, falsely stating that Loan Number ending 1248 had been paid off in December 2015.

19. On or about September 14, 2016, the defendant used the proceeds from Loan Number ending 4964, which she had fraudulently originated on the same date, to pay off Loan Number 1248.

20. On or about September 14, 2016, the defendant used a loan disbursement check from Loan Number ending 4964, which she had fraudulently originated on the same date, to pay off Loan Number ending 2050.

21. On or about September 15, 2016, the defendant sent an e-mail to an employee of another bank, falsely stating that a "coding" error had caused Loan Number ending 1248 to show a balance despite being paid off in December 2015.

22. On or about September 20, 2016, the defendant caused a subordinate bank teller to issue a cashier's check in the amount of \$5,000.00 on Checking Account Number ending 0589, without the knowledge and authorization of the account holder, and apply to pay off Loan Number ending 1840.

23. On or about November 18, 2016, the defendant originated Loan Number ending 6220 in the amount of \$50,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

24. On or about November 18, 2016, the defendant pledged and attempted to pledge Checking Account Number ending 0589 with a value of approximately \$117,000.00 as collateral on Loan Number ending in 6220 without the knowledge and authorization of the account holders.

25. On or about December 5, 2016, the defendant caused a subordinate bank teller to deposit \$300.00 of fraudulent loan proceeds into the defendant's personal bank account.

26. On or about January 27, 2017, the defendant pledged and attempted to pledge Certificate of Deposit with a value of approximately \$65,000.00 as collateral on Loan Number ending 6922 without the knowledge and authorization of the owner of the Certificate of Deposit.

27. On or about June 29, 2017, the defendant originated Loan Number ending 2079 in the amount of \$20,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

28. On or about June 29, 2017, the defendant pledged and attempted to pledge a Certificate of Deposit with a value of approximately \$51,000.00 as collateral on Loan Number ending 2079 without the knowledge and authorization of the owner of the Certificate of Deposit.

29. On or about September 13, 2017, the defendant originated Loan Number ending 3077 in the amount of \$30,000.00 in the name of, and without the knowledge and authorization of, a Clear Mountain Bank customer.

30. On or about October 23, 2017, the defendant caused a subordinate bank teller to deposit \$700.00 of fraudulent loan proceeds into the defendant's personal bank account.

31. On or about October 25, 2017, the defendant processed a payment on Loan Number ending 1425 through Checking Account Number ending 1327, which checking account she had opened without the knowledge and authorization of the account holders.

32. On or about October 25, 2017, the defendant processed a payment on Loan Number ending 7642 through Checking Account Number ending 3765, which checking account she had opened without the knowledge and authorization of the account holder.

33. On or about October 25, 2017, the defendant processed a payment on Loan Number ending 7452 through Savings Account Number ending 4880, which savings account she had opened without the knowledge and authorization of the account holder.

34. On or about October 30, 2017, the defendant sent an e-mail to an employee of another bank, falsely stating that Loan Number ending 2610 had been “an error” and that she would adjust the account to “reflect a zero balance as of the close of business today.”

**EXECUTION OF THE SCHEME AND ARTIFICE**

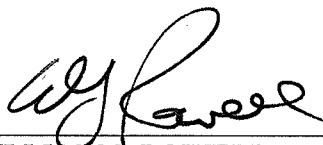
35. On or about October 23, 2017, in Monongalia County, in the Northern District of West Virginia, the defendant, **KAREN KINSLEY**, did knowingly execute the scheme and artifice by depositing into her personal bank account proceeds from a loan which she originated without the knowledge and authorization of the bank customer in whose name the loan had been made.

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

**FORFEITURE ALLEGATION**

1. Pursuant to Title 18, United States Code, Section 982(a)(2)(A), the government will seek the forfeiture of property as part of the sentence imposed in this case; that is, the forfeiture of any property constituting, or derived from, proceeds obtained directly or indirectly, as a result of a violation of Title 18, United States Code, Section 1344, including a money judgment in the amount of \$170,219.19.

2. Pursuant to Title 18, United States Code, Section 982(b)(1), the government will seek forfeiture of substitute property up to the value of property subject to direct forfeiture that is not available for forfeiture on account of any act or omission contemplated by Title 21, United States Code, Section 853(p)(1).



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WILLIAM J. POWELL  
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Jarod J. Douglas  
Assistant United States Attorney

Traci M. Cook  
Assistant United States Attorney

AO 455 (Rev. 01/09) Waiver of an Indictment

UNITED STATES DISTRICT COURT

for the

Northern District of West Virginia

United States of America

v.

KAREN KINSLEY

Defendant

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Case No. 1:18-cr-44

WAIVER OF AN INDICTMENT

I understand that I have been accused of one or more offenses punishable by imprisonment for more than one year. I was advised in open court of my rights and the nature of the proposed charges against me.

After receiving this advice, I waive my right to prosecution by indictment and consent to prosecution by information.

Date: \_\_\_\_\_

Defendant's signature

Signature of defendant's attorney

Printed name of defendant's attorney

Judge's signature

Judge's printed name and title