



United States Attorney's Office Western District of Pennsylvania

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FRANKLIN, PENNSYLVANIA WOMAN SENTENCED TO 70 MONTHS IN FEDERAL PRISON IN 3.1 MILLION DOLLAR FRAUD SCHEME

United States Attorney Mary Beth Buchanan announced today, May 3, 2007, that Kristal Ann Clark, a resident of Franklin, Pennsylvania, has been sentenced in federal court in Erie to seventy months in prison, was ordered to pay restitution in the amount of \$3,391,277, and was ordered to forfeit to the United States the real estate at 789 Congress Hill Road, Franklin, Pennsylvania and four motor vehicles, on her conviction of mail fraud and income tax evasion.

United States District Judge Sean J. McLaughlin imposed the sentence on Clark, age 42.

According to information presented to the court by Assistant United States Attorney Marshall J. Piccinini, Clark employed a scheme to defraud investment clients of approximately \$3.1 million, and to evade the payment of income taxes for the tax years 2001, 2002 and 2003. Clark was an employee and administrative assistant with the investment

firm, Parker Hunter, Inc., at its office located in Oil City, Pennsylvania. From 1998 through 2005 Clark devised a scheme whereby she obtained checks, drawn on the accounts of individual investment clients, which were mailed to her in the Oil City office, fraudulently endorsed and deposited those checks, and then credited the funds from those checks to her own Parker Hunter investment account, rather than to the rightful owner of those funds.

Further, according to the information provided to the court, Clark attempted to hide her scheme and created false receipts utilizing photocopied client signatures purporting that the checks she received in the Oil City office had been received by the individual clients. Further, Clark engaged in a "lapping scheme", whereby she fraudulently credited amounts from one client's account to another client's account, to cover the amount of the funds that she had fraudulently deposited into her own account. Clark also created fictitious deposits and fictitious computer screen entries which made it appear that the funds were properly deposited, credited or posted to individual client accounts.

Through the scheme, Clark converted to her own use and personal benefit, and spent, approximately \$3.1 million of the money and funds fraudulently obtained from the Parker Hunter, Inc. individual client investment accounts.

Judge McLaughlin commented prior to

sentencing that over the years of the embezzlement, Clark was likely spending more time keeping up with the embezzlement scheme than she was doing legitimate work. Judge McLaughlin commented on the significant impact Clark's scheme had on the many victims, and stated that citizens should be able to expect that their hard earned money will not be stolen by an employee of the investment firm with which it was entrusted.

Ms. Buchanan commended the Internal Revenue Service, Criminal Investigation and the Federal Bureau of Investigation for the investigation leading to the successful prosecution of Clark.

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