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Ex-banker pleads guilty in fraud case

Socialite admits theft of up to \$600,000

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Kelly Harbert, a former Little Rock banker and socialite who for years served on boards and chaired events for several central Arkansas nonprofit organizations, pleaded guilty Tuesday in federal court to fraud and money-laundering charges.

Harbert, 46, told Chief U.S. District Judge Leon Holmes that she stole between \$400,000 and \$600,000 by falsifying loan documents in the names of some of her clients at One Bank & Trust, then converting the proceeds from the fraudulent loans and lines of credit to her own use because she "had an extremely large amount of debt."

Harbert, who has a master's degree in business administration, was a senior vice president at the bank,

where she had worked since 2001 after stints at Worthen Bank & Trust Co. and Regions Bank. Records show she and her husband, Nathan, an officer with Arvest Bank in Little Rock, bought a Chenal Valley home for \$530,000 in 2006, and sold it last summer, shortly after she was indicted, for \$460,000.

When Holmes asked her to describe, in her own words, the gist of the bank-fraud charge to which she was pleading guilty, Harbert said: "I originated, approved and signed a loan document" in someone else's name "as though I was that person."

In pleading guilty to a money-laundering charge, Harbert admitted that she deposited proceeds of the bank fraud into one account she had set up at Iberia Bank, then had it transferred into

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Kelly Harbert (right) enters the federal courthouse with her attorney, Erin Cassinelli, on Tuesday afternoon in Little Rock. Harbert pleaded guilty to bank fraud, money laundering and Social Security fraud.

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Ex-banker

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another account at the bank for her own use.

Describing her guilty plea to a third charge of Social Security fraud, she said: "I used a person's Social Security number on loan documents, and they were not aware of it."

Assistant U.S. Attorney Angela Jegley told the judge that Harbert's crimes occurred in late April and early May of 2010.

While the amount that Harbert was originally charged with stealing was tallied at more than \$550,000, the exact amount of restitution she will have to make, and to whom, won't be determined until she is sentenced at a later date after a pre-sentence investigation is completed.

At Tuesday's plea hearing, Jegley mentioned several banks that were affected by Harbert's illegal activity, although it wasn't clear how many, if any, are due restitution.

As a loan officer, Jegley said, Harbert had the authority to approve unsecured loans of up to \$50,000. She took advantage of her position at One Bank to approve various unsecured loans and lines of credit in the names of her parents without their knowledge or authorization, Jegley said.

Harbert also used her business relationships with other financial institutions in the Little Rock area to arrange for various types of unsecured loans and lines of credit in the names of her parents and some of her bank clients, Jegley said. Again, she used their personal identifiers without their knowledge or authorization, Jegley said.

Under federal statutes, Harbert faces up to 30 years in prison and a fine of up to \$1 million for bank fraud, up to

10 years in prison and a fine of up to \$250,000 for money laundering, and up to five years in prison and a fine of up to \$250,000 for Social Security fraud.

Federal sentencing guidelines, which suggest a penalty range to judges, typically call for less severe sentences than the maximum allowed under federal statutes, depending on the findings of the presentence investigation.

Harbert's volunteer work over the years with groups such as Women and Children First, the Arkansas Symphony Orchestra, Wildwood Park for the Arts, the Winthrop P. Rockefeller Cancer Institute Foundation and the Arkansas Repertory Theatre will likely be considered mitigating factors at sentencing.

Harbert was indicted June 8, 2011, on charges that included 17 counts of bank fraud, two counts of money laundering and one count of aggravated identity theft.

She pleaded guilty on Tuesday to a superseding felony information that boiled her crimes down to three charges.

The plea agreement she negotiated with the help of defense attorney Erin Cassinelli includes sentencing enhancements for abusing a position of trust and the amount of loss involved, although it includes credit for accepting responsibility by pleading guilty.

A June 2010 lawsuit being pursued against Harbert by One Bank said the bank learned of her scheme when contacted by Iberia Bank about unusual deposit activity in an account there over which Harbert had signature authority.

The lawsuit said that Harbert created a series of fictitious loans to actual customers of the bank, but changed the addresses to keep the loan-payment notices from being sent to the customers.