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## Company executives accused of defrauding banks

By Robert Moran  
Inquirer Staff Writer

Kleinert's started in 1869 as a New York company that made rubber armpit shields for people who sweat a lot.

It later established its headquarters in Plymouth Meeting, expanded into the children's clothing business, bought the once-popular Buster Brown Apparel label, then collapsed into bankruptcy.

Yesterday, federal prosecutors announced that three former executives of Kleinert's had been indicted on charges of defrauding \$35 million from banks by hiding the company's financial troubles to maintain loans.

One executive, Joseph J. Connors, 49, lives in Blue Bell, and another, Richard Shaffert, 58, in Doylestown. The third, Jay Andrews, 61, is from Louisville, Ky. They face hundreds of years in prison, and in the case of Connors, a maximum of 1,980 years.

Realistically, based on federal sentencing guidelines, Connors may get 10 years and his codefendants seven years if they are found guilty, said Assistant United State Attorney Louis D. Lappen.

The three men are expected to turn themselves in, Lappen said. No court date has been set.

The defendants are accused of grossly misrepresenting the health of the company to a consortium of lenders led by First Union Bank (now Wachovia) from 2001 until 2003, when Kleinert's filed for bankruptcy.

In 2001, when the company's sales were sagging, Connors and Andrews ordered salespeople to write up \$10 million in fake sales to report to the banks, according to the indictment, which was filed Thursday.

The banks, which originally agreed in 2000 to provide \$68 million in financing to Kleinert's, lost approximately \$35 million, the indictment says.

At one point, the company reportedly had 1,800 employees, mainly at manufacturing plants in Alabama, North Carolina and Honduras, along with executives in Plymouth Meeting and a sales force in New York.

In late 2002, a Kleinert executive, in an interview about the Buster Brown brand with an industry publication, declared: "We're going to bring it back, give it new life."

The apparel company, which is separate from the Buster Brown Shoe Co., was sold the following July at bankruptcy auction.

With Kleinert's in ruins, Connors and another executive, Michael Brier, fought over the original sweat-shield business, which still had a loyal customer base.

Brier currently uses the Kleinert's name on a Web site selling garment shields and "waterproof incontinence products."

Brier could not be reached for comment, but an operator answering the company's toll-free number called Connors' indictment "good news."

Connors did not return a call for comment.

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Contact staff writer Robert Moran at 215-854-5983 or [bmoran@phillynews.com](mailto:bmoran@phillynews.com).

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