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Ex-KeyBank VP Charged With Embezzlement

By JOE MILICIA Associated Press Writer
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CLEVELAND — A former vice president at KeyBank has been charged with embezzling \$29 million from the banking company, the FBI said Monday.

David Francis Verhotz, 56, of Cleveland, was arrested Saturday at Cleveland Hopkins International Airport after getting off a flight from Dallas. Verhotz is a senior vice president and director of the international division of Cleveland-based KeyBank.

FBI special agent Scott Wilson said the scheme occurred from January 2004 to the present.

Verhotz was responsible for managing accounts for foreign banks whose customers did business in the United States. An affidavit filed by the FBI says Verhotz took out loans in the names of three European banks and put the money in his accounts.

Wilson said the FBI was in the process of trying to seize Verhotz's assets.

Verhotz appeared in U.S. District Court on Monday and was to remain in federal custody at least until a detention and preliminary hearing Thursday.

Assistant federal defender Carlos Warner, who represented Verhotz at Monday's initial court appearance, declined comment.

The bank has terminated Verhotz, said Mike Monroe, a spokesman for parent company KeyCorp. Monroe said the alleged embezzlement was recently discovered internally, but he declined to elaborate.

"We are cooperating fully with the FBI's criminal investigation and we are continuing our own internal investigation," Monroe said.

A June 2005 newsletter from KeyBank's international unit said Verhotz had 30 years of international banking experience and joined the company in 1995 after working previously in international banking at Fidelity Bank in Philadelphia and Chemical Bank in New York.

KeyBank is owned by KeyCorp., which has more than 900 branches in Alaska, Colorado, Idaho, Indiana, Kentucky, Maine, Michigan, New York, Ohio, Oregon, Utah, Vermont and Washington.

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