

Former realty leader guilty

He admits taking money from Kane

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Staff Writers

The former president and chief financial officer of Kane Realty, the Raleigh company known for its massive redevelopment of North Hills Mall, pleaded guilty Monday in what investigators say was a \$1.5 million embezzlement scheme.

Clifford "Mickey" Clark pleaded guilty to a federal charge that he used embezzled funds to make an \$11,000 credit card payment, said one of his attorneys, William D. Delahoyde of Raleigh. In exchange for the plea, prosecutors agreed to drop five other charges against him.

In 2005, state investigators found that Clark had funneled nearly \$1.5 million from Kane to another company between 1998 and 2002.

While he was taking money from Kane, Clark did manage to pay some of it back. But he ultimately took much more than he returned -- until the sum taken totaled more than \$1.4 million, according to federal investigators. To cover the missing money, Clark entered false information in company books, gave false statements and created a shell company to hide the transactions, according to a federal indictment.

Clark took company money in part to fund a commercial carpet company independent of Kane, according to state regulators. The scam cost more than money. In 2005, state regulators disciplined the company and its chief executive, John Kane. The N.C. Real Estate Commission barred him from using his real estate sales license for at least six months. Real estate license laws made Kane responsible for enforcing accounting systems that would safeguard company money. In an e-mail message, Kane declined to comment on the plea Monday.

Kane has spent several years converting a wilting enclosed mall on the west side of Six Forks Road to a \$120 million, open-air mix of offices, shops, restaurants and apartments. A hotel is under construction, and condos are planned.

In a 2005 interview, Kane told The News & Observer that he hired accountants to investigate the embezzlement. He informed clients and partners of what had happened. Kane and Clark reached a private settlement in which Clark agreed to pay back some of the money.

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By May 2002, the money had been restored. Most of the money came from Kane.

Sentencing for Clark's guilty plea is scheduled for July 16 and could result in a maximum penalty of 10 years in prison.

(Staff writer Jack Hagel contributed to this report.)

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