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Ex-KeyCorp executive gets 8 years for embezzlement

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AKRON, Ohio - A former KeyCorp executive was sentenced to eight years and one month in prison for stealing \$40 million from the bank.

David Verhotz, 57, apologized in court and asked for mercy, saying he wasn't the scoundrel some have made him out to be.

"I had no malicious intentions," he said. "Bad things happen to good people."

In January, Verhotz admitted fabricating 106 loans over a nine-year period beginning in 1997. He spent millions on luxury homes, jewelry, cars and payments on loans.

Federal Judge John Adams told Verhotz he stole to lead the kind of life few people enjoy and on Wednesday gave him the maximum prison term under sentencing guidelines.

Adams also ordered him to pay \$18.6 million in restitution. Investigators believe Verhotz's property will yield up to \$12 million. His income will be garnished after he's released from prison to pay the rest.

As head of the bank's international loans unit, Verhotz managed accounts for foreign banks whose customers did business in the United States.

Verhotz's scheme involved concocting loans to real banks in Belgium, Denmark, Norway and Hong Kong, using the letterhead of those banks. However, the banks had not applied for the loans and Verhotz embezzled the money for himself.

KeyBank discovered the scheme in November. KeyBank is owned by Cleveland-based 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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