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Ex-chief of Bethlehem company sentenced for embezzlement

John Folck, 59, gets 23 months' prison for taking nearly \$1 million.

By Tyra Braden Of The Morning

The former head of a Bethlehem company who admitted he embezzled nearly \$1 million was ordered Friday to spend up to 23 months in prison.

John Folck, 59, of 2968 Boger Stadt Road, Weisenberg Township, pleaded guilty Dec. 11 to theft. Folck was president of Mineral Fiber Specialists Inc. from 1989 to 2002.

The company, at 955 Easton Road, converts slag wool to insulation, insulating cement and fire protection.

Northampton County Judge Emil Giordano ordered Folck to serve six to 23 months in county prison. Folck has repaid \$1.5 million, which, his attorney George Heitzman of Bethlehem told Giordano, represents the money stolen as well as interest and attorney fees.

According to court records, Folck became the focus of an investigation in October 2003 after a treasurer at Mineral Fiber reported that nearly \$1 million had been embezzled from the company between 1993 and 2002. The state attorney general's office handled the investigation and said Folck, with no authorization, issued company checks to himself and wrote checks from the company's subsidiary, Eastern Land & Resources.

A Pennsylvania workers' compensation judge in 2004 ordered the company to pay compensation to Ralph Klotz, a former controller. Klotz had accused company executives of threatening to kill him to keep him from exposing fraud at the company. Klotz also sued the company in federal court.

In the suit, he accused top executives of tax evasion and using the corporate treasury to fund trips and put a prostitute on the payroll. The suit was settled. Terms were not made public.

Heitzman on Friday said Folck had already repaid \$600,000 when company officials decided to stop handling the matter internally and have Folck charged.

"He admitted everything to the attorney general," he said, adding, "He got no consideration at all from the attorney general's office."

Heitzman asked Giordano to put Folck on probation. The attorney general's office asked for a state prison term.

Giordano said the crime called for a less severe punishment.

"I was at a loss as to why you entered an open plea to the charge" of theft without asking for something in exchange, he said. Nonetheless, the judge said, Folck's theft "was willful, planned and premeditated."

"You need to be held accountable," Giordano told Folck. A jail term is appropriate, he said, "but state prison is not."

Folck is to report to prison May 7.

Kelly Castaneda, 39, of Snow Hill, Md., was acquitted in the case at a December trial. She had been charged with receiving stolen property. Officials had alleged Folck had a relationship with Castaneda, who had worked for a Harrisburg escort service, and put her on the company's payroll. She was paid nearly \$400,000 in salary and benefits, authorities said, even though officials said she never actually worked for the company.

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