



# Department of Justice

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June 6, 2013  
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## **CLEARFIELD PA RESIDENTS FOUND GUILTY OF BANK FRAUD**

Steven M. Dettelbach, United States Attorney for the Northern District of Ohio, announced today that Timothy Kephart, age 54, of Morrisdale, PA, the Chief Executive Officer of Dart Trucking, and Mark Michael, age 55, of Clearfield, PA, the Chief Financial Officer of Dart Trucking, were both found guilty in a trial before the Honorable Dan A. Polster, United States District Court Judge for the Northern District of Ohio, of both counts of a two count superseding indictment. This superseding indictment charged them with one count of conspiracy to commit bank fraud and bank fraud related to a \$3.6 million check kiting scheme against Huntington Bank. Judge Polster set the sentencing date for Kephart and Michael for September 4, 2013.

Kephart and Michael were charged with kiting checks, in conspiracy with Lee Stoneburner, the President of Dart Trucking, from October 2007 until February 2010, from various accounts of Dart Trucking at Huntington Bank, in Columbiana, Ohio. Stoneburner, age 44, from the Columbiana, Ohio area, pleaded guilty to conspiring to commit bank fraud by engaging in a check kiting scheme with Kephart and Michael and is awaiting sentencing. A check kiting scheme involves writing a series of worthless, non-sufficient funds (NSF) checks where a NSF check from one bank account was deposited into another account; another NSF check would then be written to cover the previous NSF check, concealing the overdraft from the bank, such that a false balance, or "float," was created in the accounts. The defendants would then use that falsely created "float" to pay their bills, expenses, and to pay their salaries. The evidence at trial established that it was a complicated, daily task to compute the amount of NSF checks which had to be written and to track what accounts had to be "covered" and from which accounts a NSF check could be written to cover a particular account. These officers involved their clerical staff in tracking and covering these checks. The use of "controlled disbursement accounts" or "CDA's," which allowed the company an extra day to post its expenses before they paid them, gave the company a float it could draw upon over the course of this scheme.

This case was prosecuted by Assistant United States Attorney Christian H. Stickan and Assistant United States Attorney Perry D. Mastrocola, following an investigation by the Federal Bureau of Investigation, Youngstown, Ohio.