



Department of Justice

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FORMER SMARTBANK VICE PRESIDENT OF LOAN OPERATIONS SENTENCED FOR EMBEZZLEMENT SCHEME

KNOXVILLE, Tenn. – On July 22, 2020, Connie S. Clabo, 54, of Sevierville, was sentenced by the Honorable Thomas A. Varlan, in the United States District Court for the Eastern District of Tennessee at Knoxville.

As part of her plea agreement, Clabo pleaded guilty to an information in November 2019. The information charged Clabo with one count of embezzlement and one count of filing a false tax return. Clabo was sentenced to 15 months in prison, followed by four years of supervised release. Clabo was also ordered to pay restitution of \$516,630.06.

From 2013 through February 2018, SmartBank employed defendant as its vice president of loan operations. During that time, Clabo abused her position of private trust with SmartBank by misusing her general-ledger and loan-operations oversight authority to steal, embezzle, misapply, and conceal the theft, embezzlement, and misapplication of more than \$600,000 of Smartbank's money, funds, and credits. Clabo's conduct was not isolated, but reflected a pattern of repeated deceptive conduct over many years. Clabo abused her managerial position at SmartBank and used her knowledge of SmartBank's internal controls for personal advantage intending to defraud SmartBank.

In addition to embezzling and the misapplication of funds from SmartBank, Clabo filed false tax returns for 2014 through 2017 that failed to include as income the money she embezzled from her employer, resulting in additional income tax owed of over \$89,000.

This prosecution was the result of a joint investigation by the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, the Office of Inspector General for the Federal Housing Finance Agency, Federal Bureau of Investigation, and IRS Criminal Investigations.

Assistant U.S. Attorney Trey Hamilton represented the United States.

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