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FORMER LENDER AT TARP RECIPIENT INDICTED ON BANK FRAUD AND ILLEGALLY BENEFITING IN CUSTOMER TRANSACTIONS

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that Peter W. Hayes, age 48, of Newark, Del., was charged yesterday in the District of Delaware in a seven-count Indictment with two counts of Fraudulently Benefiting in a Loan Transaction, two counts of Soliciting or Accepting for His Own Benefit Anything of Value in Connection With the Transaction and the Business of a Financial Institution, and three counts of Bank Fraud.

The Indictment alleges that Mr. Hayes, a former Relationship Manager ("RM"), or lender, in the Delaware Commercial Real Estate ("CRE") Division at TARP recipient Wilmington Trust Co. ("WTC") engaged in several fraudulent transactions with one of his customers, identified in the Indictment as "Customer A." According to the Indictment, Hayes engaged in the following conduct in his dealings with Customer A:

- (1) Hayes accepted and solicited from Customer A investment opportunities in Customer A's real estate developments, in which Hayes received monthly rental income sufficient to pay his mortgage plus expenses on investment properties purchased from Customer A;
- (2) Hayes later solicited and accepted a favorable loan from Customer A to pay off Hayes' investment losses;
- (3) Hayes knowingly caused WTC loan funds to be disbursed to Customer A for purposes that were not authorized by WTC's loan agreements with Customer A, and submitted false information in support of draw requests to provide funding to Customer A, including to cover overdrafts in Customer A's operating bank account; and
- (4) Hayes caused WTC to lend funds without loan committee approval to an investment company founded by Customer A's president, so that the investment company could purchase model homes that would be leased back to Customer A or others.

"Hayes stands charged with bank fraud, bribery, and fraudulently benefiting from loan transactions for a multitude of various offenses," said Christy Romero, Special Inspector General for TARP (SIGTARP). "This type of fraud and self-dealing is unacceptable, and SIGTARP and our law enforcement partners will pursue any offenders whose conduct jeopardizes taxpayers' TARP investments to hold perpetrators accountable for their crimes."

Charles M. Oberly, III, United States Attorney for the District of Delaware stated, “The indictment alleges that the defendant, a former Wilmington Trust lender, engaged in multiple fraudulent schemes to benefit one of Wilmington Trust’s largest clients, as well as himself. The client ultimately suffered millions of dollars in losses, which were shouldered by the bank and its shareholders. Our office will continue to vigorously investigate alleged fraudulent schemes, such as those charged in today’s Indictment, related to the downfall of Wilmington Trust.”

Counts 1 and 2 charge the defendant with Fraudulently Benefiting in a Loan Transaction, in violation of Title 18, United States Code, Sections 1005 and 2. The maximum penalties for each of Counts 1 and 2 are a term of imprisonment of thirty years; a fine of \$1,000,000.00; a term of supervised release of five years; a \$100 special assessment; and mandatory restitution.

Counts 3 and 4 charge the defendant with Soliciting or Accepting for His Own Benefit Anything of Value in Connection With the Transaction and the Business of a Financial Institution, in violation of Title 18, United States Code, Sections 215(a)(2) and 2. The maximum penalties for each of Counts 3 and 4 are a term of imprisonment of 30 years; a fine of \$1,000,000.00; a term of supervised release of five years; a \$100.00 special assessment; and mandatory restitution.

Counts 5 through 7 charge the defendant with Bank Fraud, in violation of Title 18, United States Code, Sections 1344 and 2. The maximum penalties for each of Counts 5-7 are a term of imprisonment of thirty years; a fine of \$1,000,000.00; a term of supervised release of five years; a \$100.00 special assessment; and mandatory restitution.

This case is being investigated by SIGTARP and the Federal Bureau of Investigation, and it is being prosecuted by Assistant United States Attorneys Robert F. Kravetz, Lesley F. Wolf, and Ilana H. Eisenstein of the U.S. Attorney’s Office for the District of Delaware.

Members of the public are reminded that an Indictment is only an allegation and that a defendant is presumed innocent until proven guilty.

This prosecution was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President’s Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

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