



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

FOR IMMEDIATE RELEASE

Wednesday, December 19, 2018

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COURT SENTENCES FORMER WILMINGTON TRUST CHIEF CREDIT OFFICER AND CONTROLLER TO PRISON

Special Inspector General Christy Goldsmith Romero and United States Attorney for the District of Delaware David C. Weiss announced today that the Honorable Richard G. Andrews sentenced former Wilmington Trust Chief Credit Officer William North, age 59, to four years and six months imprisonment and a \$100,000.00 fine. Judge Andrews also sentenced former Wilmington Trust Controller Kevyn Rakowski, age 65, to three years imprisonment.

The sentencing hearings of North and Rakowski followed those of Robert Harra, age 69, the Bank's former President; and David Gibson, the Bank's former Chief Financial Officer, age 61. On Monday, December 17, 2018, Judge Andrews sentenced both Harra and Gibson to 72 months imprisonment and a fine of \$300,000.00. The Court also ordered all four Defendants to agree to a ban from the banking industry and to surrender to the custody of the Bureau of Prisons by February 19, 2019.

A federal jury convicted each of the Defendants in May 2018, following a two-month trial. The jury returned guilty verdicts on sixteen counts of the Third Superseding Indictment, including conspiracy, as well as fifteen fraud, false statements, and false entries offenses. The jury also convicted Gibson on three additional counts of making false certifications in financial reports.

At trial, the government proved that the defendants conspired to falsely report the Bank's amount of past due loans to regulators, investors, and the public. The government presented evidence that the Defendants caused the Bank to underreport approximately \$300 million in past due loans in the Third and Fourth Quarters of 2009 in Call Reports and Monthly Regulatory Reports filed with the Federal Reserve and in Securities Filings with the Securities Exchange Commission. The Bank used the false Securities Filings to raise \$287 million in a February 2010 stock sale.

When the Bank finally began reporting its past due loan information correctly in the Third Quarter of 2010, it recognized losses of over \$370 million and its share price plummeted. On November 1, 2010, M&T Bank announced that it had acquired Wilmington Trust at a sharply-discounted price. The Wall Street Journal referred to the acquisition as "one of the biggest banking firesales in history." Over 700 Wilmington Trust employees lost their jobs as a result of the merger.

"TARP was created to stabilize banks, not to fund banks to engage in risky lending and then commit fraud to cover up bad loans," said Special Inspector General Christy Goldsmith Romero. "Once again, SIGTARP's investigation has revealed bank executives—like Wilmington Trust's former President, former

chief financial officer, former chief credit officer, and former controller sentenced to prison—who criminally concealed hundreds of millions in past due loans resulting from risky aggressive growth in the years leading up to the financial crisis. Once again, courts are bringing justice through prison sentences for these crimes. I want to express my appreciation to U.S. Attorney David Weiss, his dedicated team of prosecutors, and our other law enforcement partners that stood fast with SIGTARP to uncover the evidence and take this case to trial.”

U.S. Attorney David C. Weiss stated, “Today’s sentencing hearings are the culmination of the multi-year investigation and trial of four of the top officers of the Wilmington Trust Corporation. This landmark prosecution of the Bank’s President, Chief Financial Officer, Chief Credit Officer, and Controller sends a clear message that top corporate bankers cannot lie to their regulators and the public about important disclosures that affect the safety and soundness of banks and impact the decision of investors to buy or sell stock. The Defendants’ actions contributed to the downfall of an important Delaware institution, causing hundreds of employees to lose their jobs and investors to lose hundreds of millions of dollars when the Bank’s stock price collapsed. The sentences imposed by the Court appropriately punish the Defendants for their serious criminal conduct and strongly encourage other corporate executives to follow the law. I am grateful to the prosecution team and our investigative partners for their steadfast commitment to this case and their unyielding efforts in bringing the Defendants to justice.”

"The FBI applauds the sentencings as an affirmation of holding corporate executives to the same standard of accountability under the law as other criminals," said FBI Baltimore Special Agent in Charge Gordon Johnson. "The FBI and its law enforcement partners here in Delaware will aggressively investigate crimes which take place in the corporate suites of banks and companies and hold those executives responsible for their actions when they betray their fiduciary responsibilities to their clients and investors."

“The sentences handed down in this case are direct results of the excellent partnership IRS-CI, our law enforcement partners, and the U.S. Attorney’s Office has in combating violations of federal law and ensuring public trust,” said Guy Ficco, Special Agent in Charge IRS Criminal Investigation (IRS-CI), Philadelphia Field Office.

“These sentencings send a clear warning that bank executives who deliberately deceive regulators by submitting false and misleading information will be held accountable and brought to justice for their actions. I am proud of our agents and their federal law enforcement partners, whose hard work and persistence ultimately led to these outcomes,” stated Mark Bialek, Inspector General, Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (FRB-CFPB OIG).

This case was prosecuted by Assistant U.S. Attorneys Robert F. Kravetz, Lesley F. Wolf, and Jamie M. McCall, and investigated by SIGTARP, the FBI, IRS-CI, and FRB-CFPB OIG.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets crime at financial institutions or in TARP housing programs and is an independent watchdog protecting the interests of the America people. SIGTARP investigations have resulted in the recovery of \$10 billion and 263 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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