



FOR IMMEDIATE RELEASE

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FORMER CEO OF TARP APPLICANT BANK SENTENCED TO 23 YEARS IN FEDERAL PRISON FOR MASSIVE BANK FRAUD

WASHINGTON, DC - Edward J. Woodard, 70, of Norfolk, Virginia, was sentenced today to 23 years in federal prison followed by five years of supervised release for conspiracy to commit bank fraud, false entry in a bank record, unlawful participation in loans, false statements to a financial institution, misapplication of bank funds, and bank fraud. The Court further ordered Woodard to pay more than \$333 million in restitution to the Federal Deposit Insurance Corporation.

Christy L. Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Dana J. Boente, Acting United States Attorney for the Eastern District of Virginia; Royce E. Curtin, Special Agent in Charge of the FBI Norfolk Field Office; Thomas J. Kelly, Special Agent in Charge of the Internal Revenue Service's Criminal Investigation Field Office in Washington, D.C. (IRS-CI); Fred W. Gibson, Jr., Acting Inspector General of the Federal Deposit Insurance Corporation (FDIC-OIG); and Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau (FRB-CFPB OIG), made the announcement after sentencing by United States District Judge Raymond A. Jackson.

"Motivated by greed, Woodard lied, cheated, and stole," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Greedy for aggressive growth, he made risky bank loans that violated industry standards and bank policies that he created. When the loans resulted in losses, he hid the losses through criminal accounting tricks and with lies to bank examiners, and he stole, lining his own pockets. TARP is not an opportunity to finance banks failing under the weight of fraud, but Woodard used fraudulent bank books and records to try to cheat federal taxpayers out of \$28 million in TARP bailout funds to fill the holes he caused in the bank's books. SIGTARP and our law enforcement partners will hold all those guilty of crimes related to TARP accountable because no one is above the law. I would like to commend Acting U.S. Attorney Dana Boente and the Assistant U.S. Attorneys for their exceptional work prosecuting the case."

"Defendant Woodard's felonious conduct, motivated by his own greed, destroyed a financial institution, left former bank employees jobless, and defrauded a federal recovery program out of millions of dollars," stated Acting United States Attorney Dana J. Boente. "Through the diligence and determination of my office, along with our multiple law enforcement partners, Woodard now stands convicted, incarcerated, and publicly accountable for his unlawful deeds."

A jury found Woodard guilty after a lengthy, ten week, jury trial on May 24, 2013. Evidence presented at trial demonstrated that Woodard, the former Chief Executive Officer and Chairman of the Board for the now defunct Bank of the Commonwealth ("Bank"), engaged in an illegal reciprocal relationship with

certain troubled borrowers to mask the Bank's deteriorating financial condition. Conspirators Thomas E. Arney, Eric H. Menden, and George P. Hranowskyj all testified at trial that, at the request of Woodard and Executive Vice President Stephen G. Fields, they performed favors such as buying Bank of the Currituck stock, bailing out Woodard's son on bad investments, and purchasing bank-owned property with fully-funded Bank of the Commonwealth loans. In return, Arney, Menden and Hranowskyj all received preferential treatment such as affording large overdrafts, sometimes for hundreds of thousands of dollars, below-market interest rates, loans to make interest payments on other loans, and easy access to credit. Additionally, Woodard funded three loans totaling \$11 million without the approval of the Board of Directors to another troubled borrower who was in bankruptcy and the subject of a federal grand jury investigation. Later, Woodard made false entries in bank records to cover-up the fact that he authorized the funding of these loans without proper approval.

Throughout the conspiracy, Woodard enriched himself and his son at the Bank's expense. Despite the fact that Arney had not made loan payments in over a year, Woodard nevertheless arranged for Arney to purchase his personal condominium at an inflated price using 100% financing from the Bank and made \$56,000. Woodard also ensured that Menden and Hranowskyj purchased his son's failed investment properties and personal condominium with bank funds earning his son more than \$69,000. Finally, Woodard also caused the Bank to pay approximately \$100,000 for renovations to his son's personal residence, thousands of dollars in fraudulent commissions owed, and his son's personal legal fees.

In addition to having a substantial impact on property values in the Hampton Roads area, Woodard's crimes were a significant factor in the failure of the Bank of the Commonwealth on September 23, 2011. As a result of this failure, the FDIC has sustained at least \$333 million in losses.

The investigation was conducted by SIGTARP, the FBI's Norfolk Field Office, IRS-CI, FDIC-OIG, and FRB-CFPB OIG. Assistant United States Attorneys Katherine Lee Martin, Melissa E. O'Boyle, and Uzo Asonye prosecuted the case on behalf of the United States.

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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