



**FOR IMMEDIATE RELEASE**

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## FORMER OFFICER AT TARP BANK WILMINGTON TRUST CHARGED WITH BANK FRAUD, BRIBERY, AND MONEY LAUNDERING

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Charles M. Oberly, III, United States Attorney for the District of Delaware, today announced that on Wednesday, Brian D. Bailey, 51, of Middletown, Del., was charged in a 14-count Indictment with nine counts of bank fraud and one count each of conspiracy to commit bank fraud, conspiracy to commit bank bribery, corruptly receiving a gift for procuring a loan, corruptly providing a gift with intent to influence a bank employee, and money laundering. Bailey made his initial appearance Wednesday afternoon before Chief United States Magistrate Judge Mary Pat Thyng.

The Indictment alleges that Bailey, former head of commercial real estate and Delaware market manager at TARP recipient Wilmington Trust Corporation, of Wilmington, Del., engaged in a 12-year-long lending relationship with James A. Ladio, former chief lending officer at Artisans' Bank and former chief executive officer of MidCoast Community Bank, that involved bank fraud, bribery, and money laundering. According to the Indictment, Bailey and Ladio approved approximately 23 loans and loan modifications to each other through their respective positions at Wilmington Trust, Artisans, and MidCoast. The Indictment further alleges that the aggregate amount of all the loan facilities was in excess of \$1.5 million.

"Brian Bailey is the second officer charged with bank fraud conspiracy at Wilmington Trust, a TARP bank that ended up being acquired by another TARP bank," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Bailey is charged with a 12-year bank fraud conspiracy involving James Ladio, former president and CEO of MidCoast Community Bank, who pleaded guilty in this investigation to bank fraud involving MidCoast. Bailey stands accused of approving Wilmington Trust loans to Ladio outside of the normal process and lying to the bank that interest-only loans to Ladio were related to real estate when he knew Ladio was using the money for personal purposes. Bailey is also charged with receiving kickbacks on bank loans to Ladio. During a two month period, Bailey obtained a \$107,000 loan from Ladio's bank (Artisans) to buy a Ford F-150 pickup, an E-Class Mercedes Benz, and a Porsche sports car. Bailey later obtained other loans from Ladio's bank (MidCoast) to buy a boat and to pay off more than \$45,000 in credit card debt. SIGTARP and our law enforcement partners will aggressively investigate allegations of fraud by officers of TARP banks, and perpetrators will be held accountable for their crimes."

United States Attorney Oberly said, "The Indictment alleges that the defendant entered into a long-term scheme with another banker to provide multiple loans to each other on terms not available to the general public, all the while failing to disclose their relationship to their respective banks. This Office

remains steadfast in its continuing commitment to combat financial fraud and corruption, and to deter other individuals from similar alleged misconduct.”

In December 2013, Ladio pleaded guilty to a four-count felony Information charging him with bank fraud and money laundering.

In May 2013, Joseph Terranova, former vice president and division manager of the Delaware commercial real estate division at Wilmington Trust, pleaded guilty to one count of conspiracy to commit bank fraud.

The case is being investigated by SIGTARP, the Federal Bureau of Investigation, and the Internal Revenue Service - Criminal Investigation Division, and is being prosecuted by Assistant United States Attorneys Robert F. Kravetz, Lesley F. Wolf, and Ilana H. Eisenstein.

Detailed Summary of Charges:

Count 1 charges the defendant with Conspiracy to Commit Bank Fraud, in violation of Title 18, United States Code, Sections 1344 and 1349. The maximum penalties for Count 1 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.

Count 2 charges the defendant with Conspiracy to Commit Bank Bribery, in violation of Title 18, United States Code, Sections 215 and 371. The maximum penalties for Count 2 are a term of imprisonment of five years; a fine of \$250,000.00; a term of supervised release of two years; a \$100.00 special assessment; and mandatory restitution.

Counts 3 through 11 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 3-11 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.

Count 12 charges the defendant with Receipt of a Gift for Procuring a Loan, in violation of Title 18, United States Code, Sections 215(a)(2) and 2. The maximum penalties for Count 12 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.

Count 13 charges defendant with Unlawfully Providing a Gift with Intent to Influence a Bank Employee, in violation of Title 18, United States Code, Sections 215(a)(1) and 2. The maximum penalties for Count 13 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.

Count 14 charges the defendant with Money Laundering, in violation of Title 18, United States Code, Section 1957. The maximum penalties for Count 14 are a term of imprisonment of ten years; a fine of \$250,000.00; a term of supervised release of three years; and a \$100 special assessment.

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](http://www.StopFraud.gov).

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