SIGTARP | OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE
Friday, Aug. 7, 2015

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FOUR FORMER WILMINGTON TRUST EXECUTIVES INDICTED

WASHINGTON, DC – Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Charles M. Oberly, III, United States Attorney for the District of Delaware, announced Wednesday that Robert V.A. Harra, former Bank President and Head of Regional Banking, David Gibson, former Chief Financial Officer, William North, former Chief Credit Officer, and Kevyn Rakowski, former Controller of TARP recipient Wilmington Trust, were indicted for their respective roles in concealing from the Federal Reserve, the Securities and Exchange Commission (SEC) and the investing public the total quantity of past due loans on Wilmington Trust's books from October 2009 until November 2010. The nineteen-count Superseding Indictment charges defendants with making false statements in securities filings and to agencies of the United States government.

All defendants are charged with conspiracy to defraud the United States, to commit fraud in connection with the purchase and sale of securities, and making false statements to regulators. All defendants are charged with one count of false statements in connection with the purchase or sale of securities, four counts of making false entries in banking records, seven counts of making false statements to agencies of the United States government, and two counts of making false statements in SEC reports.

Harra and Gibson are also charged with two additional counts of making false statements in SEC reports, and Gibson is charged with three counts of falsely certifying financial reports. In May, 2015, North and Rakowski were previously charged with two counts of making false statements to an agency of the United States, relating to the concealment from the market and the Federal Reserve the total quantity of past due loans on the bank's books during the months of October and November 2009.

Wilmington Trust was required to report in its quarterly filings with both the SEC and the Federal Reserve the quantity of its loans for which payment was past due for 90 days or more. Investors and banking regulators consider the 90-day number in evaluating the health of a bank's loan portfolio. According to the Superseding Indictment, Harra, Gibson, North, and Rakowski helped conceal the truth about the health of Wilmington Trust's loan portfolio from the SEC, the investing public and from the bank's regulators.

The Superseding Indictment alleges that Harra, Gibson, North, and Rakowski participated in Wilmington Trust's failure to include in its reporting a material quantity of past due loans, despite the reporting requirements and knowing the significance of past due loan volume to investors and regulators. North, as the bank's Chief Credit Officer, approved the exclusion or "waiver" of such loans from internal reports that he knew would be used to generate the bank's external financial reports. As the bank's President and Head of Regional Banking, Harra encouraged the "waiver" of past due loans. He served as a primary point of contact with the bank's regulators during 2009 and 2010, signed bank regulatory filings, participated in quarterly earnings calls with investors, and did not disclose the bank's failure to report "waived" loans.

The Chief Financial Officer, Gibson, also knew the bank had "waived" loans from public reporting and failed to disclose this. Despite this knowledge, Gibson helped to draft and approved SEC filings and certified that those same filings fairly presented the financial condition of Wilmington Trust. Rakowski, as Controller, approved the bank's filings with the SEC and the Federal Reserve knowing that those reports did not include past due loans that had been "waived."

In November 2010, Wilmington Trust was acquired by another bank at a discount of approximately 46% from the bank's share price the prior trading day.

""The criminal charges filed this week allege that four senior officers of a TARP bank did not want to face the consequences of telling the truth about past due loans on the bank's books, and in reporting to regulators, investors and shareholders," said Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP). "These TARP bankers allegedly engaged in a practice to avoid recognizing losses by waiving past-due loans in their internal system, and making mass extensions of past-due loans without updated appraisals. Treasury, on behalf of American taxpayers, invested $330 million in TARP bailout funds in Wilmington Trust, only to see the bank sold at a severe discount, roughly half its discount from the prior day. Bankers across the nation were faced with declining economic conditions and rising past-due loans, and told the truth about those loans and losses, without turning to crime. We commend United States Attorney Charles Oberly, III and our law enforcement partners for standing firm with SIGTARP to combat TARP-related crime."

In announcing the Indictment, United States Attorney Oberly stated, "This Superseding Indictment marks the next significant step in our investigation into the illegal conduct at Wilmington Trust. The failure by these individuals to properly inform regulators and investors about the true financial condition of Wilmington Trust resulted in significant harm to those investors and losses to the Delaware community. As high-ranking bank executives, these individuals had an obligation to accurately report important financial metrics which enable investors to make informed decisions. Even in the wake of the financial crisis, their deception was neither permissible nor excusable."

This case is being investigated by SIGTARP, the Federal Bureau of Investigation, the Internal Revenue Service - Criminal Investigation, and the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Office. The Securities and Exchange Commission also contributed to the investigation.

The case is being prosecuted by Assistant U.S. Attorneys Robert Kravetz and Lesley Wolf of the District of Delaware.

The charges contained in an indictment are merely accusations, and a defendant is presumed innocent unless and 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 and co-chairs the

Rescue Fraud Working Group. To learn more about the President's Financial Fraud Enforcement Task Force, 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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