



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FORMER BANK PRESIDENT SENTENCED TO TWO YEARS IN FEDERAL PRISON FOR BANK FRAUD 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 November 24, 2014, United States District Judge Richard G. Andrews sentenced James A. Ladio, age 58, of Wilmington, Del., to two years in federal prison for his role in a loan scheme involving TARP recipient Wilmington Trust Corporation.

Ladio, former president and chief executive officer of MidCoast Community Bank, pleaded guilty on December 17, 2013, to two counts of bank fraud and to two counts of money laundering. The charges related to a nominee loan scheme in which Ladio recruited two former MidCoast customers to obtain loans, the proceeds of which the customers loaned back to Ladio.

According to facts revealed during the sentencing hearing, Ladio had been involved in a decade-long “loan-swap” arrangement with former Wilmington Trust market manager Brian Bailey, in which the two men provided more than 20 loans to each other totaling more than \$1.5 million. In June 2010, Wilmington Trust called Ladio’s loans and required him to enter into a Global Restructuring Agreement. Ladio engaged in the nominee loan scheme in substantial part to make interest and principal payments under the agreement.

“Ladio, former president and chief executive officer of MidCoast Community Bank and a leader in the Delaware banking community, was sentenced to spend the next two years in federal prison for bank fraud against three banks, including TARP bank Wilmington Trust Corporation,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “For more than a decade involving more than 20 transactions, Ladio lined his pockets by fraudulently securing Wilmington Trust loans through former Wilmington Trust officer Brian Bailey in exchange for Ladio making sweetheart loans to Bailey. Ladio used the loans to pay off personal debt. SIGTARP and our law enforcement partners will hold accountable perpetrators who engage in fraud related to TARP. We will not rest in our efforts to identify and investigate those individuals, unravel their crimes, and support their prosecution. We are proud to stand together with the United States Attorney’s Office for the District of Delaware in our combined fight against bailout related crime.”

United States Attorney Oberly said, “The Court rightly punished Mr. Ladio for his serious fraud offenses, which negatively impacted his bank and other financial institutions. Today’s sentence sends a powerful message that bankers who abuse their positions of trust and engage in self-dealing will face significant consequences, including imprisonment and being banned from banking.”

The case was investigated by SIGTARP, the Federal Bureau of Investigation, the Internal Revenue Service - Criminal Investigation, and the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau. The case was prosecuted by Assistant United States Attorneys Robert F. Kravetz and Lesley F. Wolf.

About SIGTARP

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

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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