



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

Thursday, May 7, 2015

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FORMER CHIEF CREDIT OFFICER AND FORMER CONTROLLER AT TARP RECIPIENT WILMINGTON TRUST INDICTED FOR FALSE STATEMENTS

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 William North, former chief credit officer, and Kevyn Rakowski, former controller of TARP recipient Wilmington Trust, were indicted on May 6, 2015, for their respective roles in making false statements to agencies of the United States government.

The charges include one count of making false statements to the Securities and Exchange Commission (SEC) and three counts of making false statements to the Federal Reserve. The charges stem from North's and Rakowski's involvement in concealing from the market and the Federal Reserve the total quantity of past due loans on the bank's books during 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 Indictment, North, age 55, of Bryn Mawr, Penn., and Rakowski, age 61, of Lakewood Ranch, Fla., helped conceal the truth about the quality of Wilmington Trust's loan portfolio from the investing public and from the bank's regulators.

Notwithstanding these reporting requirements and the value of this metric to investors and regulators, North and Rakowski participated in Wilmington Trust's failure to include in its reporting a material quantity of past due loans. 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. 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 percent from the bank's share price the prior trading day.

"Bankers across our nation faced rising past due loans during the financial crisis, but not all made a choice to hide the bad loans from shareholders and regulators like these two former Wilmington Trust officers are alleged to have done," said Christy Romero, Special Inspector General for TARP (SIGTARP). "One of these shareholders was Treasury on behalf of American taxpayers who invested \$330 million in

TARP bailout funds in the bank. Following the alleged criminal scheme to mask the true health of the bank, the TARP bank was later acquired by another bank at a severe discount, roughly half its value from the prior day. We commend United States Attorney Charles Oberly 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 Indictment represents another significant step forward in holding accountable those individuals whose criminal conduct contributed to the decline of Wilmington Trust. As the Chief Credit Officer and Controller of Wilmington Trust, North and Rakowski knew that the false information being provided to the Bank’s regulators and shareholders masked the true condition of its loan portfolio. Their respective roles in compiling and providing this false information to regulators during the Fall of 2009 are addressed in the Indictment returned by the Grand Jury.”

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 of Inspector General. 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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