



SIGTARP

Office of the Special Inspector General
for the Troubled Asset Relief Program

Wilmington Trust Bank

In December 2018 and January 2019, a federal court sentenced seven former Wilmington Trust bankers to prison terms of up to six years. As a result of a SIGTARP investigation, the bank's former president, chief financial officer, chief credit officer and controller were convicted of securities fraud after a trial. Wilmington Trust Bank received a \$330 million TARP bailout. As the conspiracy was ongoing and while in TARP, the bank collapsed and was acquired by M&T Bank at a discount of approximately 46% from the bank's share price the prior trading day.

SIGTARP's investigation uncovered a scheme by bank insiders to conceal the total quantity of past due loans on its books from the Federal Reserve, the Securities and Exchange Commission and the investing public. After the trial, a jury convicted former president Robert Harra, former chief financial officer David Gibson, former chief credit officer William North, and former controller Kevyn Rakowski of hiding more than \$300 million in loans that were 90 days past due.

At their sentencing, U.S. District Judge Richard G. Andrews said the investigation uncovered the "the biggest financial crime in Delaware, at least in the past 35 years." In remarks to the press, Special Inspector Goldsmith Romero said that the "defendants made the choice to commit a crime again, and again, and again. To lie about those risky loans, to lie that the bank was doing well, to lie to hide hundreds of millions in past due loans." The court sentenced former president Harra and former chief financial officer Gibson to six years in prison and ordered them to pay \$300,000 each. The court sentenced former chief credit officer North to four and half years in prison and ordered him to pay \$100,000 and former controller Rakowski to three years in prison.

The court separately sentenced three other Wilmington Trust officers: former head of commercial real estate Delaware Brian Baily to two and half years, former vice president for commercial real estate for Delaware Joseph Terranova to one year and nine months and former commercial real estate relationship manager for Delaware Peter Hayes to one year and three months.

In October 2017, as part of a criminal investigation Wilmington Trust admitted wrongdoing and agreed to pay \$60 million. Wilmington Trust was the only TARP bank indicted by the Justice Department.

SIGTARP was joined in the investigation by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation, and the Federal Reserve Bank-Office of Inspector General. The U.S. Attorney's Office for the District of Delaware prosecuted the case.