Department of Justice

United States Attorney Charles M. Oberly, III
District of Delaware

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FORMER WILMINGTON TRUST OFFICER
PLEADS GUILTY TO BANK CONSPIRACY

WILMINGTON, Del. – Charles M. Oberly, III, United States Attorney for the District of Delaware, announced today that Joseph Terranova, entered a guilty plea before the Honorable Gregory M. Sleet to a one count felony information charging him with conspiracy to commit bank fraud, in violation of Title 18, United States Code, Section 371.

According to the criminal Information and plea agreement, Terranova, who was employed as Vice President/Division Manager of the Delaware Commercial Real Estate Division of Wilmington Trust Company the "Bank") conspired to extend credit to customers of the Bank under terms inconsistent with those approved by the Bank's Loan Committee, or under terms that would not have been approved had they been presented to Loan Committee. These included loans extended to Dover real estate developer, Michael Zimmerman, who has been charged in a separate indictment. Terranova further conspired to conceal the true financial condition of the Bank, in part by extending new loans to clients to enable these clients to keep existing loans current and by causing the Bank to misrepresent its reporting of past due and non-performing loans.

Terranova, age 45, is a resident of Newark, Delaware. He faces a maximum penalty of 5 years imprisonment and a $250,000 fine.

United States Attorney Oberly said, "Today's guilty plea is an important step in holding responsible those individuals whose criminal conduct contributed to the failure of Wilmington Trust. The Bank was a Delaware institution and its demise came at significant cost, economically and emotionally, to the citizens of this state. We hope that in bringing these charges and securing a conviction, others will be deterred from engaging in similar conduct."

"As a senior bank official at TARP recipient Wilmington Trust, Terranova concealed the bank's true financial condition by engaging in 'extend and pretend' schemes to keep loans current and to hide past-due loans from regulators and investors," said Christy Romero, Special Inspector General for TARP (SIGTARP). Those responsible for fraud related to TARP will be held accountable and brought to justice by SIGTARP and our law enforcement partners."

"Bank executives engaged in fraud to deceive regulators and the public must be brought to justice for their actions," said Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System. "We will continue to work with our law enforcement partners to hold accountable any wrongdoers whose actions have a fraudulent impact on the supervision program of financial institutions regulated by the Federal Reserve Board."

"The FBI is committed to ensuring banks and similar financial institutions are seen as sound and stable, said Stephen Vogt, Special Agent in Charge of the FBI's Wilmington Office. "Those who perpetrate sophisticated fraud schemes threaten the stability of financial institutions and, with the assistance of our law enforcement partners, will be prosecuted to the fullest extent of the law."

"Bank fraud, like all financial crimes, adds to the underground economy, erodes the integrity of our tax system and threatens the financial health of our communities," said Akeia Conner, Special Agent in Charge IRS Criminal Investigation, Philadelphia Field Office. "Pursuing individuals that intentionally abuse our financial systems is a vital component in the collaborative efforts of our Federal law enforcement team."

The case was investigated by the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and the Office of Inspector General, Board of Governors of the Federal Reserve System and is being prosecuted by Assistant United States Attorneys Robert Kravetz and Lesley Wolf.

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