



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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VIRGINIA DEVELOPER AND RESTAURATEUR PLEADS GUILTY TO MASSIVE BANK FRAUD

WASHINGTON, DC - Thomas E. Arney, 56, of Chesapeake, Va., pled guilty on Friday to engaging in a massive bank fraud scheme that contributed to the failure of the Bank of the Commonwealth.

Christy L. Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Neil H. MacBride, United States Attorney for the Eastern District of Virginia; John Boles, Special Agent in Charge of the FBI's Norfolk Field Office; Rick A. Raven, Special Agent in Charge of the Internal Revenue Service Criminal Investigation's Washington, D.C., Field Office; and Jon T. Rymer, Inspector General of the Federal Deposit Insurance Corporation (FDIC-OIG), made the announcement after the plea was accepted by United States District Judge Raymond A. Jackson.

Arney pled guilty to a three-count criminal information charging him with conspiracy to commit bank fraud, unlawful monetary transactions, and making false statements. Arney faces a maximum penalty of five years each for the conspiracy and false statement counts and 10 years in prison for the unlawful monetary transactions count when he is sentenced on Dec. 3, 2012.

According to the statement of facts filed with his plea agreement, Arney admitted that he performed favors for insiders at the Bank of the Commonwealth in exchange for preferential lending treatment and assisted insiders in concealing the extent of the bank's true financial condition by purchasing bank-owned property.

For example, Arney admitted in court that in June 2008 he purchased a condominium owned by the bank's chief executive officer, Edward J. Woodard, and that Woodard and commercial loan officer Stephen G. Fields caused the bank to fully fund a \$433,000 loan for the purchase of the property. Arney falsely represented that he intended to use the condominium located on Boush Street as a second home. In fact, Arney admitted that he purchased the condominium as a favor to Woodard and in return for preferential treatment on his loans at the bank. In his statement of facts, Arney stated that Woodard made a \$52,877.45 profit on the sale of this property. Arney never made a single principal payment on the loan.

According to court records, in November 2008, Bank of the Commonwealth sent to the Federal Reserve an application requesting approximately \$28 million from the Troubled Asset Relief Program (TARP). Based on its regulator's concerns about the health of the bank, the Federal Reserve later requested that the bank withdraw its TARP application, which the bank did.

From 2008 up to its closing in 2011, the bank lost nearly \$115 million. Court records allege that the bank's failure will cost the federal government through the deposit insurance fund in excess of \$260 million.

This ongoing investigation is being conducted by SIGTARP, the FBI's Norfolk Field Office, IRS-CI, and the FDIC-OIG. Assistant United States Attorneys Katherine Lee Martin, Melissa E. O'Boyle, and Uzo E. Asonye are prosecuting the case on behalf of the United States.

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. To learn more about the President's Financial Fraud Enforcement Task Force, please 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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