



Department of Justice

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DOVER DEVELOPER INDICTED FOR BANK FRAUD AND MONEY LAUNDERING

WILMINGTON, Del. – Charles M. Oberly, III, United States Attorney for the District of Delaware, announced today that Michael A. Zimmerman, age 55, of Dover was indicted by a federal grand jury on January 23, 2013 for numerous bank fraud-related offenses. More specifically, Mr. Zimmerman was charged with one count of conspiracy to commit bank fraud and seven counts of making a false statement to a financial institution, each punishable by a maximum term of 30 years imprisonment and a fine of \$1,000,000.00. The indictment also charges Mr. Zimmerman with one count of money laundering in violation of Title 18, United States Code, § 1957. This charge carries a maximum term of 10 years imprisonment and a fine of \$250,000.00.

Zimmerman, a developer operating primarily in Kent and Sussex Counties, obtained financing in excess of \$37 million from the Wilmington Trust Company (“Wilmington Trust”) in connection with three development projects— Salt Pond Plaza, Compass Pointe, and the Shoppes at Fieldstone. In March 2011, prior to its acquisition by M&T Bank, Wilmington Trust sold the debt associated with these, as well as other projects in which Zimmerman was a buyer, to a third party. Wilmington Trust incurred a loss on these three projects alone in excess of \$26 million.

The Indictment alleges that in 2007 and 2008, in connection with the Salt Pond Plaza, Compass Pointe, and Shoppes at Fieldstone projects, Zimmerman and uncharged co-conspirators submitted false draw requests for payment from the bank and requested and received advanced funds in violation of the terms of the loan agreements with Wilmington Trust. Wilmington Trust funded the draw requests, which were not utilized for the purposes that Zimmerman and his co-conspirators had represented. In one instance, Zimmerman requested and received \$150,000.00 in funds from Wilmington Trust that he represented to be for architectural and engineering costs, but instead used the money to finance acquisition of a personal interest in a development in the Bahamas.

United States Attorney Oberly said, “The Indictment reflects this Office’s commitment to hold accountable those who criminally contributed to the failure of the Wilmington Trust Company. The shareholders and employees of the bank, as well as the community, have been harmed by this failure, and the government remains firmly committed to prosecuting those whose fraudulent acts compromised the soundness and viability of a Delaware institution. The investigation continues.”

“The FBI is committed to ensuring banks and similar financial institutions are seen as sound and stable institutions, 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.”

“The IRS, along with our law enforcement partners, will vigorously pursue unscrupulous individuals who abuse our financial systems and violate the public trust,” said Akeia Conner, Special Agent in Charge, IRS Criminal Investigation. “This indictment demonstrates the federal law enforcement agencies’ collective determination to restore and ensure that trust.”

“Zimmerman’s alleged large scale fraud against a TARP bank included diverting construction loans for unauthorized purposes, such as for a project in the Bahamas,” said Christy Romero, Special Inspector General for Troubled Asset Relief Program (SIGTARP). “Defrauding a TARP bank is the same as defrauding American taxpayers who funded the bailout, and SIGTARP and our law enforcement partners will bring to justice those responsible for crimes related to TARP.”

“We are committed to working with our law enforcement partners in holding accountable wrongdoers whose fraudulent actions materially impact the safety and soundness of financial institutions regulated by the Federal Reserve Board,” said Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System.

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. The case is being prosecuted by Assistant United States Attorneys Robert F. Kravetz and Lesley F. Wolf.

Members of the public are reminded that an Indictment is only an allegation and that a defendant is presumed innocent until proven guilty.

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