

Fraud Case Against Wilmington Trust Remains Largely Intact

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Motions to dismiss fraud charges against Wilmington Trust Corp. and four of its former executives were largely defeated Thursday when a Delaware federal judge said the federal government adequately pled its allegations in a second superseding indictment filed in January.

During a hearing in Wilmington, U.S. District Court Judge Richard G. Andrews determined that most of the charges filed against Wilmington Trust and former executives David Gibson, Robert Harra, William North and Kevyn Rakowski contained enough information to survive the motions to dismiss.

"I believe the defendants' motions are requesting more than is required to be in the indictments," Judge Andrews ruled from the bench in denying the requests to dismiss charges of securities fraud, false statements on reports to the U.S. Securities and Exchange Commission, false entries in banking records and false certification of financial reports.

The indictment stems from the alleged masking of hundreds of millions of dollars in overdue loans by Wilmington Trust in the midst of the global financial crisis. The U.S. alleges the fraud was committed in an effort to attract investors and new customers to its lending services.

"We're talking about loans that were in the process of extension," Michael Kelly of McCarter & English LLP, representing former President and Chief Operating Officer Robert Harra, said. "At what point do you cut off the process?"