



# Department of Justice

**Acting United States Attorney Dana J. Boente**  
**Eastern District of Virginia**

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CONTACT: DEANNA WARREN  
(757) 441-6331  
[usavae.press@usdoj.gov](mailto:usavae.press@usdoj.gov)

**FORMER CEO OF THE BANK OF THE COMMONWEALTH SENTENCED TO**  
**23YEARS IN PRISON FOR MASSIVE FRAUD**

NORFOLK, Va. – Edward J. Woodard, 70, of Norfolk, Virginia, was sentenced today to 23 years in prison, followed by 5 years of supervised release, for conspiracy to commit bank fraud, false entry in a bank record, unlawful participation in loans, false statements to a financial institution, misapplication of bank funds, and bank fraud. The Court further ordered Woodard to pay \$333,569,732.00 in restitution to the Federal Deposit Insurance Corporation.

Dana J. Boente, Acting United States Attorney for the Eastern District of Virginia; Royce E. Curtin, Special Agent in Charge of the FBI Norfolk Field Office; Thomas J. Kelly, Special Agent in Charge of the Internal Revenue Service’s Criminal Investigation Field Office in Washington, D.C. (IRS-CI); Christy L. Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Fred W. Gibson, Jr., Acting Inspector General of the Federal Deposit Insurance Corporation (FDIC-OIG); and Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau (FRB-CFPB OIG), made the announcement after sentencing by United States District Judge Raymond A. Jackson.

“Defendant Woodard’s felonious conduct, motivated by his own greed, destroyed a financial institution, left former bank employees jobless, and defrauded a federal recovery program out of millions of dollars,” stated Acting United States Attorney Dana J. Boente. “Through the diligence and determination of my office, along with our multiple law enforcement partners, Woodard now stands convicted, incarcerated, and publicly accountable for his unlawful deeds.”

SAC Royce Curtin said, “This investigation involved several complex, fraudulent banking schemes resulting in significant losses to financial institutions and American taxpayers. Today’s sentencing sends a clear message that the FBI and our partners will aggressively pursue and bring to justice those individuals involved in these types of dishonest and deceitful frauds to ensure they are punished to the fullest extent of the law.”

“Motivated by greed, Woodard lied, cheated, and stole,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “TARP is not an opportunity to finance banks failing under the weight of fraud, but Woodard used fraudulent bank books and records to try to cheat federal taxpayers out of \$28 million in TARP bailout funds to fill the holes he caused in the bank’s books. SIGTARP and our law enforcement partners will hold all those guilty of crimes related to TARP accountable because no one is above the law.”

“Today’s sentencing of Mr. Woodard sends a powerful message to the public that bank insiders who abuse their positions of trust and cause irreparable harm to their banks will be brought to justice and held accountable,” stated Fred Gibson, Jr., Acting Inspector General of the FDIC. “We are committed to continuing to work with our Department of Justice and other law enforcement colleagues on such cases, in the interest of ensuring the safety and soundness of the nation’s banks and the viability of the FDIC’s Deposit Insurance Fund—which suffered massive losses when the Bank of the Commonwealth failed.”

“Our office is committed to bringing to justice bank executives, like Mr. Woodard, who engage in illegal activities that undermine the public trust,” said Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau. “Today’s sentencing should serve as a warning that fraud affecting the integrity of financial institutions critical to our economy will not be tolerated. I commend the hard work of our agents and their federal law enforcement partners who ultimately exposed Mr. Woodard’s conspiracy.”

A jury found Woodard guilty after a lengthy, ten week, jury trial on May 24, 2013. Evidence presented at trial demonstrated that Woodard, the former Chief Executive Officer and Chairman of the Board for the Former Bank of the Commonwealth (“Bank”), engaged in an illegal reciprocal relationship with certain troubled borrowers to mask the Bank’s deteriorating financial condition. Conspirators Thomas E. Arney, Eric H. Menden, and George P. Hranowskyj all testified at trial that, at the request of Woodard and Executive Vice President Stephen G. Fields, they performed favors such as buying Bank of the Currituck stock, bailing out Woodard’s son on bad investments, and purchasing bank-owned property with fully-funded Bank of the Commonwealth loans. In return, Arney, Menden and Hranowskyj all received preferential treatment such as affording large overdrafts, sometimes for hundreds of thousands of dollars, below-market interest rates, loans to make interest payments on other loans, and easy access to credit. Additionally, Woodard funded three loans totaling \$11 million without the approval of the Board of Directors to another troubled borrower who was in bankruptcy and the subject of a federal grand jury investigation. Later, Woodard made false entries in bank records to cover-up the fact that he authorized the funding of these loans without proper approval.

Throughout the conspiracy, Woodard enriched himself and his son at the Bank’s expense. Despite the fact that Arney had not made loan payments in over a year, Woodard nevertheless arranged for Arney to purchase his personal condominium at an inflated price using 100% financing from the Bank and made \$56,000. Woodard also ensured that Menden and Hranowskyj purchased his son’s failed investment properties and personal condominium with bank funds earning his son more than \$69,000. Finally, Woodard also caused the Bank to pay approximately \$100,000 for renovations to his son’s personal residence, thousands of dollars in fraudulent commissions owed and his son’s personal legal fees.

In addition to having a substantial impact on property values in the Hampton Roads area, Woodard's crimes were a significant factor in the failure of the Bank of the Commonwealth on September 23, 2011. As a result of this failure, the FDIC has sustained at least \$333 million in losses.

The Investigation was conducted by the FBI's Norfolk Field Office, IRS-CI, SIGTARP, FDIC-OIG, and FRB-CFPB OIG. Assistant United States Attorneys Katherine Lee Martin, Melissa E. O'Boyle, and Uzo Asonye prosecuted the case on behalf of the United States.

A copy of this press release may be found on the website of the United States Attorney's Office for the Eastern District of Virginia at <http://www.justice.gov/usao/vae>. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia at <http://www.vaed.uscourts.gov> or on <https://pcl.uscourts.gov>.

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