



Department of Justice

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Eastern District of Virginia

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**PRESIDENT OF TIVEST SENTENCED TO FIFTY MONTHS IN PRISON
FOR FRAUD RELATED TO THE BANK OF THE COMMONWEALTH**

NORFOLK, Va. – Dwight A. Etheridge, 49, of Chesapeake, Virginia, was sentenced today to fifty months in prison, followed by five years of supervised release, for conspiracy to commit bank fraud, bank fraud, false statements to a financial institution, and aiding and abetting misapplication of bank funds.

Kathleen M. Kahoe, Acting United States Attorney for the Eastern District of Virginia; Royce E. Curtin, Special Agent in Charge of the FBI's Norfolk Field Office; Thomas J. Kelly, Special Agent in Charge of the Internal Revenue Service Criminal Investigation's Washington, D.C., Field Office (IRS-CI); Christy L. Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Jon T. Rymer, 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 (Fed-CCFPB-OIG) made the announcement after sentencing by United States District Judge Raymond A. Jackson.

Etheridge was found guilty after a lengthy, ten week, jury trial on May 24, 2013. The evidence presented at trial demonstrated that Etheridge, President of Tivest Development & Construction, LLC, and other corporate entities, conspired with numerous Bank of the Commonwealth ("Bank") insiders to engage in an illegal reciprocal relationship where he performed favors to mask the Bank's loan losses in exchange for preferential treatment. For example, at the request of Bank insiders and to prevent losses related to a failing loan, Etheridge arranged for Tivest to purchase a construction project located at 310 24th Street in Virginia Beach. The Bank gave Tivest a \$4.1 million loan to purchase and renovate this property. During the funding of this loan, Etheridge caused fraudulent construction draws to be submitted to the Bank which certain Bank insiders funded without inspecting whether Etheridge had completed the work. In one draw request, Etheridge requested monies for a "final clean" when the project stood as an empty shell wrapped in building wrap. Etheridge used construction loan proceeds to make payments on his other loans at the Bank, to support his staffing company, Genesis Staffing, to obtain thousands of dollars in cash, to make political donations, and to make charitable contributions.

In exchange for performing this favor, Edward Woodard, Stephen Fields and Jeremy Churchill allowed Etheridge to amass large overdrafts without question, have easy access to millions in loans, and gave his company thousands of dollars to work on bank-owned property. As a result, Etheridge was able to prop up his failing businesses and portray himself as an upstanding, effective business leader. All the while, Etheridge was attempting to convince the Norfolk City Council to allow him to build a multi-million dollar office building called the MidTown Office Tower in the heart of Norfolk.

Additionally, Etheridge also defrauded the Bank and a new market tax credit fund called Paramount Community Development Fund (“Paramount”) in connection with a construction project called the Villas at Broad Creek. After the City of Norfolk gave acres of land in the Broad Creek section of Norfolk for a nominal fee, Etheridge obtained a construction loan totaling \$4,860,000 from Paramount where he promised to use the funds solely to construct a mixed use development project in the troubled Broad Creek neighborhood. Again, Etheridge caused fraudulent construction draws to be submitted to the Bank. Etheridge used a portion of the construction loan proceeds to support his staffing company, Genesis Staffing, to make payments on unrelated, overdue loans at the Bank, to cover large overdrafts at the Bank, to make political donations and to make charitable contributions.

At the end of 2010, after the Bank could no longer fund loans to Etheridge, his businesses collapsed. Etheridge defaulted on millions of dollars of loans at Paramount and the Bank, laid-off his employees at Tivest, and he declared personal bankruptcy. As a result of the Bank’s failure, the Federal Deposit Insurance Corporation currently has suffered \$333 million in losses to date.

The investigation was conducted by the FBI’s Norfolk Office, IRS-CI, SIGTARP, FDIC-OIG, and Fed-CFPB-OIG. Assistant United States Attorneys Melissa E. O’Boyle, Katherine Lee Martin, 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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