PRESS RELEASE
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MASSACHUSETTS BROTHERS PLEAD GUILTY TO CONCEALING ASSETS FROM THE RESOLUTION TRUST CORPORATION

FOR IMMEDIATE RELEASE

Federal Deposit Insurance Corporation (FDIC) Inspector General Gaston L. Gianni, Jr., announced today that two Cape Cod, MA, residents, Christopher J. and Richard L. Manning, pled guilty February 9 to conspiring to conceal assets from the Resolution Trust Corporation (RTC) and impede its functions, structure currency transactions to evade reporting requirements, and make false statements to a federally insured financial institution about two Hyannis, MA, hotel businesses the Mannings controlled.

The RTC was created in August 1989 to resolve failed savings and loan associations and to manage and dispose of their assets. The RTC closed its doors on December 31, 1995, and the FDIC took over the RTC's remaining business.

In March 1989, the brothers acquired the Hyannis Regency Motor Inn in Hyannis, MA, with a $9.3 million loan from Sentry Savings Bank, FSB, Hyannis, MA. In May 1989, Sentry loaned the Mannings another $500,000 for renovations at the inn. Sentry was declared insolvent in September 1990, and the RTC was appointed its receiver.

The Mannings caused the hotel to stop paying on its loans in December 1990 while they tried to renegotiate the loans' terms with the RTC. From January 1991 through November 1992, the Mannings withdrew more than $1.1 million from the hotel's accounts for their own personal use, including more than $800,000 in U.S. currency, while not paying on the mortgage loans. During this time, the Mannings submitted false personal financial statements to the RTC and falsely told the RTC that they were not removing any money from the hotel. In April 1991, the RTC renegotiated the loans with the Mannings, but the RTC refused to reduce the principal balance of the loans.

In November 1991, the Mannings unsuccessfully tried to purchase the Hyannis Regency loans from the RTC through a straw corporation called DLV Corporation, which the Mannings had formed. The RTC later included the loans in a loan package to be auctioned in May 1992. RTC policy prohibited individuals who had defaulted on loans from bidding. Based on false representations, DLV was prequalified to bid at the auction. They also deposited $275,000 in U.S. currency, which they had withdrawn from the Hyannis Regency, into a bank account for DLV over a one-month period. The deposits were each under $10,000 to evade U.S. currency transaction reporting requirements. Ultimately, the Mannings decided DLV would not bid at the RTC auction and the loans were sold to a Dallas, TX, partnership.

Over two days in October 1992, the Mannings withdrew a total of $560,000 in U.S. currency from the accounts of the Hyannis Regency at BankBoston in Hyannis, MA. The Mannings then tried unsuccessfully to purchase the Hyannis Regency loans at a reduced price from the Texas partnership.

Later, Christopher Manning opened bank accounts in Montreal, Canada, and Geneva, Switzerland. The Manning brothers deposited $450,000 in U.S. currency and $335,000 in other funds into these accounts. In June 1993, they used $570,000 from these accounts and a $2.22 million loan from BayBank, Boston, MA, to purchase the Days Inn in Hyannis. In connection with that loan, the Mannings provided false information and false personal financial statements to BayBank.

In April 1993, the Mannings deeded the Hyannis Regency Motor Inn to the Texas partnership in lieu of foreclosure. The Texas partnership had acquired the loans at the RTC auction in return for release from their personal guarantees on the Hyannis Regency loans.

A sentencing date has not been determined.

This case was investigated by the FDIC's Office of Inspector General and the Criminal Investigation Division of the Internal Revenue Service.

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