



# PRESS RELEASE

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## THREE INDICTED FOR BANKRUPTCY FRAUD, IMPEDING THE FDIC'S OPERATIONS

### FOR IMMEDIATE RELEASE

FDIC Inspector General Gaston L. Gianni, Jr., announced today that Frank C. Romano, Jr., of Rowley, MA, the owner and operator of several Massachusetts nursing homes; Frank M. Griswold of Dorchester, MA; and David M. White, an architect from Goffstown, NH, were indicted in connection with two fraudulent involuntary bankruptcy petitions filed in December 1992 and September 1994 against the developers of "Brandon Woods of Hingham," a proposed elderly care facility in Hingham, MA. The three men were charged with conspiracy, corruptly impeding the functions of the FDIC and bankruptcy fraud.

This investigation was conducted by special agents of the FDIC's Office of Inspector General and the U.S. Secret Service.

According to the indictment, from December 1992 through October 1997, Romano, Griswold and White conspired to commit bankruptcy fraud and corruptly impede the FDIC in its efforts to foreclose on and sell the Brandon Woods of Hingham project. Romano had originally borrowed \$8.1 million from First Mutual Bank of Boston to develop the project, but defaulted on the loan in 1990. The bank failed in June 1991, and the FDIC was appointed receiver.

The FDIC twice attempted to foreclose on and sell the property-in December 1992 and September 1994. On both occasions, Romano allegedly orchestrated a scheme for purported creditors of the project to file involuntary bankruptcy petitions against the developers, the Brandon-Hingham Associated Limited Partnership and the Charles Street Development Corporation. The involuntary bankruptcy filings effectively forced the FDIC to cancel the scheduled foreclosure sales of the project.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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While both the Brandon-Hingham Associated Limited Partnership and the Charles Street Development Corporation were nominally owned by Frank Griswold, the indictment alleges that Romano actually controlled the project. According to the indictment, Romano and David White, the project architect, recruited other "creditors" to sign and file the involuntary bankruptcy petitions on the basis of false and inflated claims. White allegedly signed both of the fraudulent bankruptcy petitions on behalf of his architectural firm, SLA Associates. The filing of both petitions delayed the FDIC's sale of the project by over two years, from December 1992 until July 1995, when the FDIC regained control of the project.

White was originally indicted in December 1997 and charged with one count of corruptly impeding the FDIC and two counts of bankruptcy fraud.

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