

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

UNITED STATES OF AMERICA :
 :
 v. : Criminal No. 13-CR-00113-001
 :
 JAMES LADIO :
 :

**SENTENCING MEMORANDUM
SUBMITTED ON BEHALF OF JAMES LADIO**

James Ladio, by and through his undersigned counsel, Richard L. Scheff of Montgomery McCracken Walker & Rhoads LLP, respectfully submits this Sentencing Memorandum to assist the Court in determining an appropriate sentence in the above-captioned case. Mr. Ladio comes before the Court for sentencing after entering a guilty plea to two counts of bank fraud and two counts of money laundering, in violation of 18 U.S.C. §§ 1344 and 1957, respectively.

INTRODUCTION

This case presents the Court with the difficult task of determining the appropriate sentence where both sides agree that Mr. Ladio provided immediate and significant cooperation with the government in its ongoing investigation of various banking officials and financial services entities in Delaware. Mr. Ladio has displayed genuine remorse for the conduct which now brings him before this Court. Although we expect that the government will request a sentence of incarceration, a sentence that includes confinement will undermine Mr. Ladio's ability to make the significant restitution payments to be ordered by the Court. Moreover, a term of imprisonment is not necessary to achieve the goals of sentencing as defined by 18 U.S.C. § 3553(a). Rather, this Court should craft a sentence which sufficiently restricts Mr. Ladio's liberty while allowing him to continue to make progress toward building a business which will

ultimately assist in his efforts to make restitution payments. These goals can be achieved by imposing a sentence of community confinement or home detention; moreover, several factors specific to Mr. Ladio weigh overwhelmingly in favor of this type of sentence.

Given Mr. Ladio's personal background and character, his remorse, extensive cooperation, unblemished record, and the need for significant restitution, we respectfully submit that a sentence of community confinement or home detention is not only appropriate, it also satisfies the mandate of section 3553(a), directing the Court to "impose a sentence sufficient, but *not greater than necessary*, to comply with the purposes" of sentencing set forth by the statute. 18 U.S.C. § 3553(a) (emphasis added).

Imposing a sentence of community confinement or home detention fulfills the four (4) purposes of sentencing: (1) punishment, (2) deterrence, (3) rehabilitation, and (4) public safety. As to rehabilitation and public safety, neither purpose is satisfied by incarceration in the instant case. Mr. Ladio does not present a danger to the public, nor is he in need of rehabilitation. Moreover, Mr. Ladio has been adequately punished and it is highly unlikely that he will reoffend. A sentence of community confinement or home detention will provide adequate deterrence to other individuals who, despite knowing better, allow themselves to be drawn into similar financial trouble.

We anticipate that the government will advocate for a sentence within the advisory guidelines range. It is well-established that sentencing courts may "not presume that the Guidelines range is reasonable." *Gall v. United States*, 552 U.S. 38, 48-(2007). In fact, in his concurrence in *Kimbrough*, Justice Scalia stated that "any thumb on the scales" in favor of the Guidelines would potentially violate the Sixth Amendment because "the 'advisory' Guidelines would, over a large expanse of their application, entitle the defendant to a lesser sentence but for

the presence of certain additional facts found by judge rather than jury.” *Kimbrough v. United States*, 552 U.S. 85, 113(2007) (Scalia, J., concurring) (emphasis in original).

The Third Circuit has provided a cogent and helpful description of the current sentencing jurisprudence. The court made clear that sentencing judges now “have substantial discretion to impose sentences anywhere within the statutory range” and that it “expect(ed) that judges (would) examine the particular facts of each case ... without getting bogged down in formalistic technicalities.” *United States v. Kennedy*, 554 F.3d 415, 423 (3d Cir. 2009). The court emphasized that “[s]entencing is not a mathematical calculation; it is a human enterprise that requires wisdom, judgment, and old-fashioned common sense. To the extent the plain language of the Guidelines – including its Commentary and Application Notes – would lead to unfair results, we repose our confidence in district judges to apply fairly and justly the factors set forth in 18 U.S.C. § 3553(a), which may require variances from the Guidelines range.” *Id.* The application of these principles compels the conclusion that a sentence of community confinement or home detention provides both adequate deterrence and punishment in Mr. Ladio’s case. *See* “Alternative Sentencing in the Federal Criminal Justice System” at p. 20, United States Sentencing Commission 2009 Report (found at www.ussc.gov) (“Effective alternative sanctions are important options for federal, state, and local criminal justice systems. For the appropriate offenders, alternatives to incarceration can provide a substitute for costly incarceration.”)

I. MR. LADIO’S CRIMINAL CONDUCT RESULTED FROM A MISPLACED EFFORT TO BUY TIME TO PAY OFF YEARS OF MOUNTING PERSONAL DEBT.

Mr. Ladio does not seek to justify or excuse his criminal conduct and the abuse of his position as Chief Executive Officer (“CEO”) of MidCoast Community Bank (“MidCoast”). Mr. Ladio’s fall from personal and professional grace began years ago following a divorce that left him as the sole financial support for his ex-wife and son and in debt from which he never recovered. Over the years, he sank slowly into greater debt, not because of an extravagant lifestyle or personal vices, but from an inability to pay down the principal amount of his debt given his income and ability to refinance his debt over and over again.

In 2005, a group of investors came together to form MidCoast. Mr. Ladio, as a founder and the CEO of the Bank, was required to make a substantial personal investment in the new venture. While the cash for this investment came from personal pension holdings, his access to those funds resulted in him paying a hefty penalty to the Internal Revenue Service and he sank further into debt. Because the business plan for MidCoast was to build a community bank that could be sold in three years, Mr. Ladio believed that he had an exit strategy that would allow him to use his personal profit from the sale of the institution to pay his mounting debt once and for all. Unfortunately, this plan was interrupted by the financial crisis of 2008. Not only did this delay MidCoast in finding a suitable buyer for the company, it also led to Mr. Ladio’s debt being called for payment by Bank B, which was having its own financial and regulatory problems.¹ Unable to pay the loans owed to Bank B and unable to find another financial institution to lend him money, Mr. Ladio turned to a trusted MidCoast employee for assistance. After exhausting third party sources without success, Mr. Ladio, with the assistance of this employee, borrowed

¹ To be clear, we are not contending that Bank B improperly called Mr. Ladio’s loans. Indeed, Bank B suspected there were improprieties in Mr. Ladio’s relationship with the institution.

money from two customers of MidCoast whose source of funds to lend to Mr. Ladio was MidCoast itself. Believing that he could sell MidCoast and accomplish his exit strategy, Mr. Ladio knowingly caused the two bank customers to make false statements to MidCoast to obtain these loans.

Mr. Ladio now understands that, upon realizing his inability to refinance the Bank B debt legitimately, he should have instead faced the music, gone into default, and faced the likely consequence that he would have to resign from his position at MidCoast. His bad choice not to do so and instead, to borrow money ultimately through two Bank customers using Bank funds was motivated largely by his personal desire to find a way to pay his debt, as well as his loyalty to the investors in MidCoast who had relied on him to operate the Bank profitably and position it for sale. Specifically, in founding MidCoast, Mr. Ladio personally solicited investments from local members of the business community who he had known and done business with for years. Their investment was based on their belief and faith in Mr. Ladio as a person and a banker, and as someone in whom they had confidence could build a community bank out of nothing, and ultimately sell it for a substantial profit. Mr. Ladio was well aware of this trust and the investors' reliance on him; in fact, it was this trust and reliance that, in part, motivated the bad choices he made. In short, Mr. Ladio's desperate desire to rid himself of debt and his loyalty to his investors drove him to commit the crimes that have led him to this Court. To be sure, Mr. Ladio should have let his debt empire crash regardless of his personal motivations or reliance by others on him, but he simply did not have the strength to do so. That failure is the reason he finds himself before the Court for sentencing.

II. CALCULATION OF THE ADVISORY SENTENCING GUIDELINE RANGE

The Amended Presentence Investigation Report (“PSR”) calculates the applicable advisory guidelines range of 46 to 57 months imprisonment, based on a total offense level of 23 and a criminal history category of I. Mr. Ladio agrees with the advisory guidelines calculation in the PSR.²

III. MR. LADIO COOPERATED IMMEDIATELY, SIGNIFICANTLY, AND IN GOOD FAITH; THEREFORE, THE GOVERNMENT’S MOTION FOR DOWNWARD DEPARTURE PURSUANT TO § 5K1.1 SHOULD BE GRANTED.

Mr. Ladio cooperated immediately and decisively when the time came to confront the personal, professional, and financial disaster caused by his offense conduct. His cooperation was significant, has resulted in a guilty plea by another individual of importance to the government, and has opened the door for the government’s ongoing investigation into Bank B and its officials. Accordingly, the Court should grant the government’s motion for downward departure.

Mr. Ladio learned of the Department of Justice’s criminal investigation of him when federal agents came to his personal residence to execute a search warrant. Mr. Ladio cooperated fully and completely with the agents during the search and led them to the evidence which they had authority to seize. In addition, that very day, through undersigned counsel, Mr. Ladio communicated his intention to cooperate fully and completely with the government’s ongoing investigation. Within a very short period of time thereafter, he agreed to plead guilty and continued to cooperate with the government. In addition to being interviewed for several days during which he responded to the government’s questions truthfully and completely, he offered additional information of possible wrongdoing by others and suggested that he record conversations with an individual who he believed had violated the law.

² Mr. Ladio withdraws his objection to the loss calculations as determined in the PSR.

Mr. Ladio's good faith and significant cooperation was not lost on the government as reflected in its motion for downward departure. In that motion, the government details the importance of Mr. Ladio's cooperation in providing critical evidence against a former official of Bank B who now has pleaded guilty and who too is cooperating with the government. That individual had been under investigation by the government, but had declined the government's overtures to cooperate until confronted with the cooperation of Mr. Ladio. Indeed, it is not an overstatement to say that, but for Mr. Ladio's cooperation, the government's investigation into Bank B and its former officials would have stopped dead in its tracks. That, of course, is no longer the case. A downward departure is warranted where a defendant provides "substantial assistance in the investigation or prosecution of another person who has committed an offense." 18 U.S.C. § 3553(e); *see also* 28 U.S.C. § 994(n).

Therefore, the government's request for a downward departure of seven levels to a total offense level of 16, resulting in an advisory guideline range of 21 to 27 months pursuant to Guideline Section 5K1.1 is well grounded and should be granted.

IV. MR. LADIO IS ENTITLED TO A DOWNWARD VARIANCE FROM THE ADVISORY GUIDELINES RANGE WHEN THE SECTION 3553(A) FACTORS ARE APPLIED.

Mr. Ladio respectfully urges the Court to grant a downward variance from the advisory guideline range in accordance with 18 U.S.C. § 3553(a) and sentence him to a period of community confinement, home detention, or a combination of the two. Under the circumstances, a sentence so structured provides sufficient punishment for Mr. Ladio, while permitting him to continue to work so that he can make restitution payment to the loss victims of his offenses.

A. Mr. Ladio Should Be Given a Downward Variance From The Advisory Guidelines Range So That He Can Continue To Work And Make Restitution To The Victims Of His Offenses.

Section 3553(a)(7) provides that, in imposing sentence, the Court should consider the need to provide restitution to any victims of the offense. Mr. Ladio's crimes are financial in nature and they were the result of personal debt he amassed over the years. At this time, Mr. Ladio owes approximately \$1.3 million to MidCoast Bank, Chubb, and an individual who was a customer of Midcoast.

Both section 3553(a)(7) and case law support a variance from the advisory guideline range that is based on the need to provide restitution to the victims of criminal conduct. *See United States v. Edwards*, 595 F.3d 1004, 1017 (9th Cir. 2010). In *United States v. Edwards*, the defendant was convicted of bankruptcy fraud while he was on probation for a prior state fraud conviction; the guidelines range was 27 to 33 months. 595 F.3d at 1010-11. However, he received a sentence of seven months of probation, to be served under home detention, a \$5,000 fine, and restitution of \$100,000. The Ninth Circuit determined that this was not an abuse of discretion, in part because "the district judge recognized that restitution serves as a deterrent, and that [t]he term of probation imposed will enable [Edwards] to continue working in order to pay the significant amount of restitution he ow[e]s." 595 F.3d 1011-13. Similarly, in *United States v. Menyweather*, a case of embezzlement of \$500,000, the Ninth Circuit determined that the lower court's downward departure of eight levels to a sentence of probation was justified in part because "a sentence of probation may have made Defendant better able to provide restitution to the victims of her crime." 447 F.3d 625, 634 (9th Cir. 2006). Finally, in *United States v. Bortnick*, the district court held that a sentence of a \$1 million fine and seven days incarceration, where the criminal conduct was an \$8 million dollar fraud with a guidelines range of 51 to 63

months incarceration, was sufficient, in part because “[d]efendant owes a substantial amount of restitution, which he will be able to pay more easily if he is not subjected to a lengthy incarceration period.” No. 03-CR-0414, 2006 WL 680544, at *5 (E.D.Pa., Mar. 15, 2006).

As reflected in the PSR, Mr. Ladio does not have any substantial assets and he is in significant debt. Mr. Ladio was terminated from MidCoast Bank as its CEO in August 2013. Around the same time, Mr. Ladio agreed to a Consent Order with the FDIC banning him from employment in the financial services industry, the industry in which Mr. Ladio was gainfully employed for over thirty years. Since the fall of 2013, Mr. Ladio has been working at Ross Capital, a business that provides private funding sources to businesses who are unsuccessful in getting loans from area banks. When loans close, he earns a fee. Mr. Ladio’s fees are driven by the size and terms of the loan.

Building a business of this nature takes a significant amount of time and effort and Mr. Ladio’s efforts have helped to launch this enterprise, which already has helped businesses in need and saved jobs in Delaware. In his letter of support, Steven Fasick, the owner and managing partner of Ross Capital, writes that Mr. Ladio, “is invaluable to our future and was critical to our beginning. Jim has been a key to our success and his expertise has saved jobs and businesses.” *See* Exhibit A. He goes on to say, “Jim’s abilities cannot be replaced or at least I have no idea how we could afford to have him replaced. It would be very difficult if not impossible to continue our business success without Jim. We are clearly better off with him and so is the community.” *Id.*

In his letter of support, Mr. Fasick goes on to provide example after example of businesses that have benefitted or will benefit from Mr. Ladio’s expertise, hard work, and dedication. These businesses include a minority business owner who needed credit lines for

government contract bids, a 30-year-old family-owned vertical blind factory, a local sports apparel business that needed funds to pay off debt, a bakery and local café that was saved from closing its doors, a Delaware educational institute that educates hundreds of people annually to place in the local workforce, a consulting firm that needed funds to compete on a national level, and the list goes on and on. Not only will structuring a community confinement or home detention sentence permit Mr. Ladio to continue to work hard for his community and its economic benefit, it will provide the necessary income to him that he will use to pay his significant restitution obligations.

Here, Mr. Ladio owes \$1.3 million in restitution and he is committed to paying it back. As Mr. Ladio indicated in his personal letter to this Court, “I will always live with the consequences of my criminal acts and bad decisions, but I strive to move forward as positively as I can. Towards that end, it is important to me that I make restitution and I will spend the rest of my life doing so. It will be difficult to restore my integrity that I worked a lifetime to establish, but I will pay all of my debts and obligations.” *See* Exhibit B. At Ross Capital, his talents are being put to use for the community benefit and the revenue he can earn there will provide him with a source of income to meet his financial obligations to the victims of his offense. Mr. Fasick recognizes Mr. Ladio’s potential for growth in his position at Ross Capital, and tells the Court, “I have the utmost respect for his business and lending expertise and more importantly I’ve continued to have trust and belief in him is a person. The charges he faces are inconsistent with the person that I have spent so much time with. Clearly, it was a regrettable mistake as he and I have discussed many times.” *See* Exhibit A. This is precisely the situation § 3553(a)(7) was intended to address and accordingly, a downward variance to permit Mr. Ladio to continue working as detailed above is appropriate.

B. Mr. Ladio's Personal History and Characteristics, Which Demonstrate That His Offense Conduct Represents Aberrant Behavior in an Otherwise Law-Abiding Life, Warrant a Significant Downward Variance

Not only do Mr. Ladio's personal history and characteristics support a downward variance based upon the balance of factors set forth in 18 U.S.C. § 3553, but they also support a downward departure or variance because of the aberrant nature of his offense conduct. U.S.S.G. § 5K2.20; *see also U.S. v. Tomko*, 562 F.3d 558, 569-70 (3d Cir. 2009) (en banc) (district court did not abuse its discretion in sentencing defendant to probation with a year of home detention, restitution, and fine for tax evasion because of defendant's negligible criminal history, employment record, community ties, and extensive charitable works); *United States v. Pena*, 930 F.2d 1486, 1495 (10th Cir. 1991) (departure warranted where defendant's conduct was "an aberration from her usual conduct, which reflected long term employment, economic support for her family, [and] no abuse of controlled substances"); *United States v. DelValle*, 967 F. Supp. 781, 784 (E.D. N.Y. 1997) ("[D]efendant's brief meander into criminal activity stands in stark contrast to his posture as a responsible, hard-working, fully employed member of the community and a loving, involved and reliable husband and family member.").

The attached letters from friends, neighbors, and family, demonstrate that Mr. Ladio's remorse, efforts at cooperation, commitment to repay his victims and history of good deeds and mentoring justify a variance from the advisory guidelines to permit a sentence of community confinement of home detention. *See Exhibits A-I.*

Mr. Ladio's son speaks of his father's commitment to him over the years and of the character of the man who provided the foundation he needed to be successful today. He writes, "I've only ever known Jim Ladio as a father who pushed me to be my best, to make intelligent

thoughtful decisions and to be honest and respectful. There were no cutting corners.” *See* Exhibit C. He describes his father as “a man who shoulders the burden of the world and has learned the lesson from a mistake that there is no chance of repeating.” *Id.* His son describes Mr. Ladio as a selfless man, and explains that, “I can rest easy knowing that my father led a life of purpose and his intentions have always been for the betterment of the people around him first, his needs a secondary thought.” *Id.*

This theme of commitment to family, dedication to hard work, selflessness, and genuine remorse is echoed by Mr. Ladio’s fiance Claire Ventresca, who describes Mr. Ladio’s emotional and financial support that he provided to her and her sons in their time of need. *See* Exhibit D. She writes that Mr. Ladio “has worked so hard his entire life to be the best person he can be for himself and for the rest of his family as well as all of the people that were part of the bank. I don’t know if all of his employees as well as investors know how much he struggled to keep the bank intact, even to the point where his life and career and now destroyed.” *Id.* Gregory Bishop, Mr. Ladio’s friend from freshman year in college, notes how Mr. Ladio made his son his first priority and shaped him to have an unwavering commitment to do the right thing and to lead by example. *See* Exhibit E. Mr. Bishop stresses to the Court how Mr. Ladio “has accepted responsibility and...done everything that he can to recommit himself to the ideals of always doing the right thing.” Sadly, Mr. Bishop also notes that this criminal conduct is an aberration for Mr. Ladio and asks the Court to give Mr. Ladio some leniency because of his “lifetime of doing the right thing...was very unfortunately overshadowed by a painfully poor decision in an isolated incident.” *Id.* One of Mr. Ladio’s neighbors, Mr. Joseph Fletcher, emphasizes that while all people make mistakes, what sets people of high character apart is their ability to correct their mistakes. *See* Exhibit F. He believes that Mr. Ladio has this type of high character, and

writes that he is “proud to know Jim Ladio” and over the past year, Mr. Ladio has tried to write the wrongs he has done. *Id.* Another neighbor, Mr. Robert Clayton, calls Mr. Ladio, “kind, honest, and smart” and opines that this criminal case happened because Mr. Ladio “acted in desperation causing him to make a bad decision” and that he knows “for a fact that he is beyond remorseful.” *See* Exhibit G.

These character letters provided to the Court paint a full picture of the kind of person Mr. Ladio truly is and provide a true and accurate portrayal of him beyond the criminal conduct that brought him before the Court. The letters show that Mr. Ladio is the considerate neighbor who can be relied upon in times of need, the type of person who will drive back to the restaurant the day after a dinner to pay the bill that inadvertently was not paid, and the brother who has set an example of professionalism and integrity to build a career. Mr. Ladio is painfully aware of the damage he has done, and knows that there is only one person to blame: “I have lost the trust of those who I worked with for so many years ... I have no one to blame but myself. My only hope is to make amends and move forward with my life in the most productive and fruitful way I can in the hope I can pay back what I owe.” *See* Exhibit B.

Before Mr. Ladio made these terrible decisions, he excelled at being an active and compassionate member of the Delaware community. He funded approximately 600 million in loans to businesses and never hesitated to help individuals or companies that were in need. Mr. Ladio has been approached by various members of the community in the past few weeks who have told him how much he helped them and what it meant to them. Mr. Ladio is overwhelmed with gratitude for such support prior to his sentencing, but it is not surprising, considering how dedicated Mr. Ladio was – and continues to be – to his community.

As Mr. Ladio's personal history and the attached letters of support make clear this was a non-violent offense committed by an individual who has otherwise shown positive personal characteristics throughout the course of his life. *See United States v. Autery*, 555 F.3d 864, 874 (9th Cir. 2009) (court's variance to probation not unreasonable in part because of defendant's positive characteristics "such as his having no history of substance abuse, no 'interpersonal instability' nor 'sociopathic or criminalistic attitudes,' his motivation and intelligence, and [his] support of his wife and children"); *United States v. Pauley*, 511 F.3d 468, 474 (4th Cir. 2007) (affirming district court's downward variance, which was based, in part, on defendant being a good father and teacher, which the court noted was a valid consideration under § 3553); *United States v. Willis*, 479 F. Supp. 2d 927, 932 (E.D. Wis. 2007) (finding that the guideline-recommended term failed to account for defendant's "significantly positive personal characteristics," including a solid work record).

Mr. Ladio does not face the same kind of challenges to rehabilitation faced by those with extensive criminal histories or addiction, and he has learned a lesson about a needed change in his life. *See* Exhibit B. He has taken responsibility for his prior conduct, has complied with all of the terms of pre-trial supervision, and provided assistance to the government. *See, e.g., United States v. Sayad*, 589 F.3d 1110, 1114-16 (10th Cir. 2009) (where defendant convicted of interstate delivery of 11 kilograms of cocaine and guidelines called for 57 month sentence, sentence of probation was reasonable, in part to aid in rehabilitation); *United States v. Edwards*, 595 F.3d 1004, 1017 (9th Cir. 2010) (sentence of seven months' probation from guidelines range 27-33 months, affirmed in part because defendant completed three and a half years of probation in another matter without incident); *United States v. Baker*, 502 F.3d 465, 468 (6th Cir. 2007) (downward variance to probation proper in part because of good behavior while under

supervision of pretrial services). Mr. Ladio's post-offense and pre-trial conduct has earned him a chance to maintain his current productive position in the community.

V. A SENTENCE OF COMMUNITY CONFINEMENT OR HOME DETENTION WILL SATISFY THE GOALS OF THE SENTENCING SYSTEM

In Mr. Ladio's case, a sentence of community confinement, home detention, or a combination of the two serves all of the purposes of sentencing described 18 U.S.C. § 3553(a). A sentence structured in this manner to permit Mr. Ladio to make restitution provides just punishment for his offenses, affords adequate specific and general deterrence to similar criminal conduct, and adequately protects the public from any further crimes by Mr. Ladio.

A. A Sentence of Community Confinement, Home Detention, or a Combination of the Two Will Satisfy the Goals of the Sentencing System.

The four purposes of sentencing are punishment, deterrence, rehabilitation and protection of the public. Mr. Ladio's current, stable employment, his long period of law abiding conduct, his cooperation with the government, and his remorse demonstrate convincingly that he will not reoffend; thus, the goals of specific deterrence, protection of the public, and rehabilitation are all satisfied without incarceration.

B. A Non-Custodial Sentence Will Adequately Reflect the Seriousness of Mr. Ladio's Offense.

A non-custodial sentence adequately reflects the seriousness of Mr. Ladio's offense. As the Supreme Court has made clear, a non-custodial or probationary sentence constitutes significant punishment: "Offenders on probation are nonetheless subject to several standard conditions that substantially restrict their liberty." *Gall v. United States*, 552 U.S. 38, 48 (2007); *see also United States v. Munoz-Nava*, 524 F.3d 1137, 1149 (10th Cir. 2008) (providing that "home confinement and supervised release substantially restrict the liberty of a defendant"); *United States v. Bueno*, 549 F.3d 1176, 1181 (8th Cir. 2008) (noting that "offenders on probation

are nonetheless subject to several standard conditions that substantially restrict their liberty[.]”) (internal citations omitted). While the offense at issue here must be considered serious, it arose out of a set of particular circumstances – Mr. Ladio’s desperate desire to rid himself debt and a loyalty to his investors drove him to the crimes he committed. Given these particular and highly individualized circumstances, a non-custodial sentence will adequately address the seriousness of Mr. Ladio’s crime.

C. The Requested Sentence Affords Adequate Deterrence to Criminal Conduct.

While the goals of specific deterrence, protection of the public, and rehabilitation are all satisfied without incarceration, 18 U.S.C. § 3553(a)(2) also dictates that all sentences must “afford adequate deterrence to criminal conduct,” also known as general deterrence. This requires a court to determine whether a particular sentence is a cost-effective means of preventing crime by actually discouraging potential criminals.

Several studies verify the fact that it is not true that the higher the sentence, the greater the effect in deterring others. The empirical research shows no relationship between sentence length and deterrence. Indeed, the findings are uniform: there is no evidence that increases in sentence length reduce crime through deterrence. *See* Michael Tonry, *Purposes and Function of Sentencing*, 34 *Crime & Justice: A Review of Research* 28-29 (2006) (“Three National Academy of Science Panels ... reached that conclusion, as has every major survey of the evidence.”).

Balancing the need for general deterrence against the financial cost to society of imprisoning an individual) should lead to the conclusion that general deterrence is not a good reason for lengthy prison term. *See United States v. Cole*, No. 5:08-cr-00327, 2008 WL 5204441, at **6-7 (N.D. Ohio Dec. 11, 2008) (finding that where defendant was convicted of securities fraud, “imprisonment of a significant duration that is less than the recommended

guidelines range, joined with a substantial fine . . .” acts as a greater deterrent to others similarly situated than a long prison term.) In this case, a non-custodial sentence not only provides an appropriate general deterrent, but, is also the most cost-effective means of preventing future similar crimes from occurring.

VI. CONCLUSION

Thus, for the reasons set forth herein and in the attached letters of support, we respectfully submit that a of sentence of community confinement or home detention is appropriate, fair and just, and best satisfies Section 3553(a)’s mandate that courts “impose a sentence sufficient, but not greater than necessary, to comply with the purposes set forth” therein.

Respectfully submitted,

Date: November 10, 2014

/s/ Richard L. Scheff
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CERTIFICATE OF SERVICE

I, Richard L. Scheff, hereby certify that on November 10, 2014, the foregoing Sentencing Memorandum Submitted on Behalf of Defendant James Ladio was delivered to the following persons by e-mail and hand delivery:

/s/ Richard L. Scheff _____
Richard L. Scheff

EXHIBIT A

Steven R Fasick
18 Autumnwood Drive
Newark, DE 19711

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

November 2, 2014

Your Honor,

I am writing in support of a good friend and business colleague James Ladio.

My name is Steven Fasick. I am currently owner and managing partner of Ross Capital in Wilmington Delaware. I was President/CEO of Wilmington Mortgage for 17 years until its sale in 2010. The company was the region's largest mortgage banking firm for many years. During the financial and real estate crisis beginning in 2008 continuing thru 2010, I was the State of Delaware's mortgage lending expert tasked with creating industry testing for licensing of lenders. I have 30 years lending experience in senior management and ownership positions.

I have known Jim since early 2008. My history with Jim began with our respective businesses being the focal point. I reached out to him to pursue a relationship with Mid Coast Bank. I had known of Jim for many years as he was highly respected and regarded as a leader in the Delaware banking and lending community. While our many early discussions were about doing business with his bank, my relationship with Jim evolved into a highly valued friendship. It remains so today. I have gotten to know him on a very personal level and over the last few years my wife and I have traveled with Jim and Clare and we have spent many evenings together at each other's home. Our personal relationship has continued through his difficult time. When the time came Jim opened up and talked freely with me about the charges against him and the situation he faces today. Jim and I have had many very open and frank discussions about what has happened and I truly believe I know him as well as anyone.

When it became clear that Jim would be facing an unknown period relating to his business life and an unknown future on many levels, I wanted to help as much as possible because I believe in him. I have the utmost respect for his business and lending expertise and more importantly I've continued to have trust and belief in him as a person. The charges he faces are inconsistent with the person that I have spent so much time with. Clearly it was a regrettable mistake as he and I have discussed many times.

In mid-2103 I decided to re-enter the lending business with my sons. Since id been successful in my life as a mortgage banker and my sons had a strong desire to enter the business, we started Ross Capital Partners. Named after my dad and to honor the man that he is and the amazing career he had with Dupont, we chose his first name "Ross" for our business. Our goals were to build a business to help bring needed capital to area businesses and to help grow jobs for the State. There is a need for lending expertise in Delaware that is currently is not being met. Our business would bring capital from around the country to our area and non bank flexible loan products that would support area businesses when they could not get adequate bank assistance.

When we opened up the business we immediately sought private investors and funding sources through the network of capital options that Delaware previously didn't have access to. My expertise was

enough to get the business off the ground and perhaps grow slowly but commercial and business lending is a bit different than my 30 years of residential lending. The boys and I needed some help. Jim Ladio had the background we needed and the experience we lacked in key areas. I discussed this with the boys and knowing what Jims charges were and the perception of his involvement with our firm the three of us agreed that Jim was in a situation to be able to help our new business in ways that no one else could. My sons had spent considerable time getting to know Jim and he openly discussed his life and his current situation with each of them. I then approached Jim to see if he would help us build our business by consulting or advising us. Obviously being sensitive to Jims situation and our needs we thought that we could make this situation work.

Your Honor I can tell you that Jim Ladio has been an invaluable resource to our business, our clients and most of all to the business owners we have been able to help. Jims ability to analyze and structure financing packages along with his lending contacts have enabled Ross Capital to provide loans for businesses and their owners that we could not have done without him. We have saved many jobs in the state and have closed transactions that have helped businesses grow that could not have done so without us. Most of our clients have been unsuccessful with area banks and fortunately they were referred to us by the local SBA or bank loan officers or various agencies working to promote economic growth in Delaware. We have become the States only non-bank approved lender by the US Small Business Administration. We work closely with the University of Delaware Small Business Development Center and have become a major source of lending for them. We work with and get referrals from the Office of Supplier Diversity and their Government Support Services Director in Dover.

Here are just a few examples of what Jim has enabled us to do. He guided us in sourcing financing for a minority business owner who needed credit lines for government contract bids. He advised us on structured financing for a Wilmington sports apparel business when banks were requiring this business to pay off over 1 million dollars in bank loans and the owners could not find funds elsewhere. Jim has helped find funding sources for a 30 year old well known family owned home vertical blind factory. We have saved a bakery and provided financing to a local café to keep its doors open with a new owner. Jim is currently in the midst of structuring financing for the acquisition of a Delaware based insurance company and sourcing funding for a long time Delaware educational institute that will allow it to grow. This 25 year old business educates hundreds of individuals a year to place into the work force here in Delaware. Jim is also working on a funding package to assist a well-established 20 year old consulting firm expand their business on a national scale by adding a proprietary software management tool for their fortune 500 clients. There is more but the point is he has been a tireless worker dedicated to helping us while helping Delaware businesses and employment. The amount of effort and work that goes into properly preparing and presenting funding requests is quite extensive and Jim has put in more time than I ever envisioned. He is invaluable to our future and was critical to our beginning.

Jim Ladio has been a key to our success and his expertise has saved jobs and businesses. His assistance with our small business has provided us the opportunity to learn from him and my boys dearly value his knowledge and input as he continues to teach them. He helped us grow and achieve our goals for the community and for our clients. Jim cares about our borrowers and their businesses and has taken it very personally to see that we do everything we can to help them get the funding and capital they need.

Jims abilities cannot be replaced or at least I have no idea how we could afford to have him replaced. It would be very difficult if not impossible to continue our business success without Jim. We are clearly better off with him and so is the community. I always knew Jim was a smart and well respected executive but I did not know how hard he would work to help us and our clients. My impression as an employer for 30 years is that this is not just a job for Jim but a passion and he loves the challenges and loves to work. We do need him and im happy to answer any questions or be of any assistance if I can.

Thank You

Steven R Fasick

EXHIBIT B

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

It is with a very heavy heart and deep remorse that I write this letter. Faced with mounting professional and personal issues, I made decisions that have, and will impact me for the remainder of my life. The remorse I feel is not for myself, but rather for those who were also impacted by my actions. I have let down my family, my professional colleagues and myself. I have lost my reputation and my ability to work in the industry in which I made a career. But most importantly, I have lost the trust of those who I have worked with for so many years. While these are painful consequences in the end, I have no one to blame but myself. My only hope is to make amends and move forward with my life in the most productive and fruitful way that I can in the hope that I can pay back what I owe.

Your Honor, I however would ask you to consider the circumstances and events that led to this event. This explanation does not alter the gravity of my actions, but I hope puts into perspective how and why, after leading a professional and personal life built on integrity and trust, I entered into these transactions.

The financial problems which ultimately resulted in my taking loans from customers of MidCoast improperly and unlawfully began following a difficult divorce years ago. My divorce left me with the financial burden and responsibilities from the divorce and of jointly raising a child as a single parent. The debt was always manageable, but the salary of a community banker while respectable, grows slowly and catching up was hard. However, I was always able to separate my personal life from my professional life and my career was successful

MidCoast Community Bank was borne out of my success as a banker in the Delaware community, and the entrepreneurial spirit of forming a new community bank that was prevalent in our country at that time. During the years 2005-2008 584 new banks were formed. In the 2007 year MidCoast was formed, 161 other banks were formed across the country. The majority of new banks, including ours, adopted the model of growing the bank with business lending and selling to another bank within three years. The shareholders invested in the bank based upon this model which had proven so successful in previous years.

For myself and the other organizers, forming and selling a new bank was an opportunity to gain financially. Our investors joined us in this goal. In some instances, other groups had sold two banks within five years, so the precedent was there. I personally saw this as an opportunity, a pathway, to finally get out of debt. In other words, my hope that the financial gain I would realize by selling the bank after building it would provide sufficient money so I could repay all of my debt. All organizers were expected to invest in the bank at a meaningful level. With little resources I invested with 401-K and pension funds and eventually borrowed funds. It was critical that the CEO be vested at a meaningful level, however I invested beyond my means and after paying tax penalties for invading my pension funds, I found myself further in debt.

Operating within an expected three year existence, the board of directors and senior management were chosen with business development in mind rather than as people with banking experience depth in corporate governance. This too was common in the formation of new banks during this time. No board member outside of myself had any prior banking experience and the senior staff were previously middle

managers at other banks. Personally, I had never been a CEO of a community bank. While this model was acceptable to the FDIC, it placed a great deal of responsibility on me as the sole member of the board with banking experience.

Initially this model was successful until the recession that began in 2008. The recession was especially devastating to the banking industry. During the recession, 213 banks failed between the 2005-2008 time period. Most of these banks operated as we did and the fear of failure within the board and myself was ever-present.

During the next two years we managed through the recession and became a successful outlier in the industry. However, internally the bank was not organized to go past 3 years without a sale. My leadership role became increasingly difficult as the challenges were not only standard bank management, but often unexpected and uniquely related to the economic and regulatory climate not experienced previously. Personally, my indebtedness, while a secondary issue due to the pressure from the bank was growing. The cost of my investment in the bank and the requirement that I pay my loans at Wilmington Trust when they were called, forced me to borrow increasingly more money to pay the principal and the debt service. This cycle in turn forced additional borrowings. It had become unmanageable. I did not have a plan to address this after the three year window. In short, my only avenue to keep my debt afloat was to be faced with borrowing more money at higher interest rates.

As the third year passed, the pressure of mounting personal debt forced me to seek a consolidation loan. This would be based upon my equity in the bank. However, bank's were in disfavor with all investors and after several months I was unable to locate a lender. It was at this point that I was faced with the decision that led me to be before your Honor for sentencing. While it sounds presumptuous today, I had become indispensable to the bank. This was not a favorable position but the prevailing circumstance over the past three years developed into this. With a large indebtedness coming due, I seriously weighed resigning. I had done what I could do but was not in a position to go past three years. I further weighed staying with the bank if I could consolidate my loans. I had a valid concern that the bank would be in jeopardy if I left.

In desperation, I approached a trusted senior manager of the bank and shared my circumstance. As a shareholder himself, he agreed to help. I had considered at this point resigning from the Bank, but in honesty, I felt that I was the only one who could keep the Bank on track for sale. Others, including this trusted senior manager agreed that the bank would most likely suffer if I left. Of course, selling the Bank successfully was my path to pay my debts and protected the many investors who had relied on me over the years to build the business. Our search again was unsuccessful and ultimately he assisted with arranging the loan through one of the banks customers. As a last resort, I entered into the transaction. I knew this had ethical and regulatory consequences, but I did not consider the greater consequences. At the time it appeared to be the best of two evils.

The board of directors shared the understanding that I was necessary for the successful management of the bank and the ultimate sale. Indeed, when he board learned of the transaction in 2012 and after meeting independently and conducting an investigation, they came to the conclusion to, in essence, to overlook the issues surrounding the transaction and allow me to continue towards the eventual sale of the bank. I began to move towards this goal and was able to arrange a sale to a larger bank that was agreed to by both parties in March 2013. The sale was contingent upon my entering into a employee contract with the new bank. In June 2013 the FDIC began their investigation and I was released. The sale, of course, then collapsed.

While difficult to accept today, I believe the board acted as I did to protect both self and shareholder interest. This was a community based shareholder base and we were all fearful of losing shareholder

value. In the end after seven years the agreement to sell the bank was achieved, but at a monumental cost. It is hard to say what would have transpired if I resigned in 2010 or 2012 but there is little argument the sale would not have materialized in 2013. But in the end,, the means never justify the end and the sale never should have happened.

Following a meeting with the Department of Justice, my attorney Mr. Scheff was able to clearly outline the charges against me and I agreed to plead guilty and cooperate with the government. While I knew of the ethic and regulatory violations, this was the first time I clearly understood these as criminal acts. I have no answer as to why I did not see the full gravity of the transaction when I entered into them, but this came to full focus and I clearly understand them today.

I fully cooperated with the bank and FDIC during their investigation offering years of bank statements and answering all questions willingly. This extended beyond my termination. I did not want any further adverse impact to the bank and assisted as best I could to separate my own actions from the bank. This included remaining silent on the issues to everyone outside of those closest to me. I continue to honor this.

I was equally willing to cooperate with the US DOJ. While I knew that this could have an impact on my eventual outcome, it was just as important to me to assist them in any way possible as a start to making amends for my actions. I wanted to help. My lengthy experience as a commercial banker having funded hundreds of commercial transactions, provided insight into a number of incidents of potential wrongdoing that could assist the DOJ. But I was also aware of the importance of the Wilmington Trust case to the DOJ. All banker's knew of the issues and each formed their own conjectures of what happened. My relationship with Brian Bailey offered greater insight than most. I worked with him for three years and learned at various times more information on what had actually transpired. It was never definitive at any point, but over time a clearer picture developed as to the cause and effect of the bank's demise.

I knew this information was critical to the DOJ's efforts in the Wilmington Trust case. However, I also knew that within the cooperation I would have to detail a relationship I had with Mr. Bailey that would further hurt my reputation and integrity. I had other incidents without my involvement to share, but in the spirit of making amends, I fully detailed my relationship with him. While this did indeed further damage my reputation, it does appear it has made a difference in DOJ's effort in the Wilmington Trust case. I share with the majority of Delaware residents in the hope the DOJ is successful in their efforts.

Today, I have left with the consequences of my bad decisions and the haunting hindsight that all of this could have been avoided. Quite simply, I made the wrong decision in part motivated by my desperate financial circumstances and my hope to find a way out, and my fear that the investments of many shareholders who had relied on me for years would also be lost if I stepped away and Bank could not be sold.

I will always live with the consequences of my criminal acts and bad decisions, but I strive to move forward as positively as I can. Towards that end, it is important to me that I make restitution and I will spend the rest of my life doing so. It will be difficult to restore my integrity that I worked a lifetime to establish, but I will pay all of my debts and obligations.

Despite the loss of reputation and profession, I have a strong skill set, and while difficult it can be transferred to a business line that will generate income to repay the debt that I owe. I have already started this process. If given the opportunity, I will work until this goal is completed. I only ask for the opportunity to do so..

I respectfully ask for your consideration of this letter and leniency on my behalf to allow me to make the amends needed.

Sincerely,

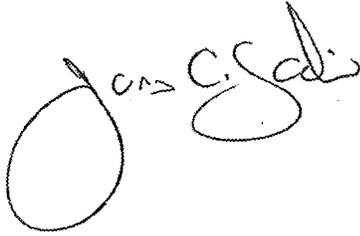
A handwritten signature in black ink, appearing to read "C. Sedis". The signature is written in a cursive style with a large, looped initial "C" and a distinct "S" and "D".

EXHIBIT C

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

I do not know the specifics of the pending charges. I do not know how my dad found himself in this position nor did I ever expect to have to write a letter to a Judge in defense of his person and credibility as a first-rate human being. In fact, I'm still not sure that all that has happened isn't just a dream and we'll be waking up soon with things back to normal.

But I guess it isn't his reality. I'm in California as I write this, sitting at a table in a small cabin near Lake Tahoe, thousands of miles from the home where I grew up. I'm surrounded by great friends and I am happy. The only reason I am here is because of him and my mother. I can't remember a time when he wasn't there, baseball glove in hand, eager to see me grow, doing whatever he could to help make my future bright. He worked hard to pay for college. I have little debt because of this, and I'm even better off because he would gently let me know it wasn't a luxury to be expected, but something him and his father took great pleasure in providing for their sons. The lessons taught revolved around integrity. Be passionate, be focused and enjoy life. This is what I remember.

I've only ever known Jim Ladio as a father who pushed me to be my best, to make intelligent, thoughtful decisions and to be honest and respectful. There were no cutting corners. I was lucky to grow up with my father, who raised me with the perfect balance of strictness and leniency that gave me the tools I needed to grow into what I am today.

I'm a bit at a loss for words because I would like to see this pass. I can make the cliché statement that we all make mistakes, because we do, but in this case, no matter the outcome, I can rest easy knowing my father led a life of purpose and his intentions have always been for the betterment of the people around him first, his needs a secondary thought. He is remorseful, anxious and ready to accept his fate. I ask you humbly to be lenient here. This is a man who shoulders the burden of the world and has learned the lesson from a mistake that there is no chance of repeating.

Thank you for your time and consideration,

James Ladio

EXHIBIT D

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

As I write this letter, I still find it hard to believe that I have to defend the one person in my life whom I would never thought could or would do anything wrong certainly not something illegal. I have been Jim's fiancé for 10 years and from the very first time we met, I knew he was a man of integrity and honesty, he was a divorced father raising his son, coaching him in baseball and taking care of a home all while working and moving toward starting a bank, something he always wanted to do.

I too am divorced and have three boys. While extended families are always a challenge Jim became a part of their lives, I moved to Wilmington and my boys stayed with their dad. At one point my oldest son had a falling out with his father with one year left of high school. I had to leave Jim, move back home, get a new job and apartment with my son to help him graduate. Jim supported us and helped with the finances for 12 months. My son graduated high school and has since served 7 successful years in the Air Force.

Jim started to change about a year into the bank's inception. He was angry and frustrated most of the time. He never told me about things that were going on at the bank but, I knew it was slowly taking him away from me. He became distant and worked constantly. I found it hard to be around him. I thought about leaving but remembered the man I had met years ago and how much he helped me and my 3 sons both financially and emotionally. He was and is, my "knight in shining armor."

I will always stand by him because I know he is honest and loyal. I do believe he was in over his head and wasn't thinking clearly and made some bad decisions under stress. I don't remember him ever being dishonest in any situation, he was always "by the book" with everything. One incident that I remember was a time we were out for dinner in my hometown. We ran into friends and actually left without paying our bill. Jim was so upset that he drove an hour from Wilmington to the restaurant in the morning to pay the bill. The restaurant staff was shocked that he came back. This is very typical of the man I have lived with for 10 years.

He always told us, "Follow your dreams, work hard and most of all be honest with yourself." It is so hard to see someone you love who has worked so hard his entire life to be the best person he can be for himself and for the rest of the family as well as all of the people that were a part of the bank. I don't know if all of his employees as well as investors know how much he struggled to keep the bank intact, even to the point where his life and career are now destroyed. I saw it and lived it every day.

Thank you for taking the time to read this.

Sincerely,


Claire Ventresca

EXHIBIT E

November 3, 2014

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

I am writing you in regards to my nearly life-long friend, James Ladio. I met Jim during my first week of college at the University of Delaware, in September of 1975. Some years later, I was honored to be the Best Man at Jim's wedding. It's likely that, other than his immediate family, there are very few people on the planet who know Jim personally as well or as long as I do. With that said, I would submit to you that I am an appropriate person to shed some light on who Jim is and has been outside of this incident and the level of remorse that Jim has privately exhibited.

In thinking back over the years, I know Jim's first priority is and has always been his son Jimmy. While most parents rightfully put a priority on their children, Jim has always done so with a steady, consistently loving manner that has resulted in a rock-solid young man who any parent would be proud of. I'm convinced it was Jim's unwavering commitment to always doing the right thing... and his leading by example that has produced this result.

To me and a group of college friends who still stay in touch with each other, Jim has been a good friend. By that, I don't mean that he's the guy that brings the beer to the tailgate... but rather, he's the guy that either won't drink and offers to drive everyone home or if he has a couple of beers, will offer to get everyone a taxi. He's a guy that I can call and ask for help from in a difficult time or just a little support when I'm down about something. Jim has never been too busy to help...even when I know he was in fact incredibly busy. Simply put...he's a good guy and a good friend.

While I do not know many of the details of the incident at hand, much beyond what I have read in the papers, I do know that in discussing this with me, Jim has, from day one, taken complete ownership of what he did and shown great regret...not only for what this unfortunate incident has done to him and his family, but for being dishonest and for letting down those others who trusted him to do the right thing. He has accepted responsibility and has, from my direct observation, done everything that he can to recommit himself to the ideals of always doing the right thing. It is for this reason that I am writing Your Honor this letter...in the hope that my words might strike a positive chord with you as you determine the further punishment that Jim must face. I would

respectfully ask that you allow Jim some leniency commensurate with a lifetime of doing the right thing that was very unfortunately overshadowed by a painfully poor decision in an isolated incident.

I thank you for your time in reading this letter and wish you well.

Respectfully,

A handwritten signature in black ink, appearing to read "Gregory J. Bishop". The signature is fluid and cursive, with a prominent initial "G" and a stylized "B".

Gregory J. Bishop

112 Bobbie Drive
Ivyland, Pa. 18974

EXHIBIT F

Honorable Richard Andrews

Judge, US District Court for

The District of Delaware

Your Honor:

I am writing this letter to give you some insight into the Jim Ladio I know. By way of background, Jim and his fiancé Claire have been our neighbors since we moved to Delaware in 2006. I was an officer in the US Navy for 11 years, and have been an HR executive and business consultant for over 20 years. I have had the honor to work beside men and women of the highest integrity. Due to the nature of my work over the past 30 years, my wife and I have lived in a number of different places and had many neighbors. In addition, I travel quite a bit, sometimes on vacation with my wife. But more often than not, I travel on business and my wife is home alone. Neighbors have become a lifeline for us.

Simply stated, Jim and Claire have been the most conscientious, kind, helpful and generous neighbors we have ever had. When we were away, Jim kept watch over our house. We trusted him with our keys and security codes. Several times per week we receive mail order packages – he took care of them. (No small feat.) Our security alarm went off – he took care of it. He is far more knowledgeable about home & garden matters than I am – he freely offered advice and shared contacts with local contractors. When Jim and Claire came back from vacation, THEY brought US wine to share. Most importantly, Jim made sure my wife and home were safe. Jim has become someone we trust and rely on.

Though Jim has been very discreet in discussing his case, I know he is remorseful, saddened and humiliated by his actions. He has never once made an excuse, denied wrongdoing and shifted blame. Rather, behind closed doors, when he could have said anything and no one else would have heard, he stated simply, and sadly, that he owns this mistake. He quietly carries this sad burden in his face and in his posture, 24/7... and I suspect he always will. It is a scar that will never heal.

Your honor, I believe in our system of justice, and know you will render a just and fair judgment. As mentioned, I have been honored to work beside many people of high character. What set them apart was not that they didn't make mistakes; they were all human... flawed. Rather what distinguished them was that they always took action to correct their mistakes. Their mistakes both haunted them, and drove them to make it right. By this standard, I am proud to know Jim Ladio, and I am confident you will take his actions over the past year to 'make it right' into consideration.

Kindest regards,

Joseph A. Fletcher

2418 Grubb Road • Wilmington, Delaware 19810

EXHIBIT G

Robert H. Clayton
2419 Grubb Road
Wilmington, Delaware 19810

October 26, 2014

The Honorable Richard Andrews
Judge, US District Court for
The District of Delaware
J Caleb Boggs Federal Building
844 North King Street
Unit 9, Room 6325
Wilmington, Delaware 19801-3555

Dear Judge Andrews,

This letter is in reference to James Ladio, a defendant in one of your upcoming cases. Mr. Ladio is being charged with bank fraud and could face a harsh sentence. I am reaching out to you because Jim has been a good friend and incredible neighbor for the past eight or nine years.

I initially met Jim when I needed help in the yard transplanting a tree. I have congestive heart failure and could not lift the small cherry tree or move it. Jim, who has a back problem, selflessly lifted the tree, put it in a wheel barrow and replanted it. This was the start of many projects together and throughout the years Jim has always been there with a helping hand. He has been an extraordinary neighbor, generous with his knowledge, time and gardening tools. Jim is the kind of person you would want living next door to you. He is someone who you can depend upon whenever in need. He is kind, honest, and smart. In essence the James Ladio I know is inconsistent with the charges against him. I think he acted in desperation causing him to make a bad decision and I know for a fact that he is beyond remorseful.

Whatever the outcome of Jim's trial I hope you will consider the effect he has had on his neighbors. We only know him as being an upstanding citizen, good friend and respected community member. I hope you will consider these things in regards to the charges against Jim. Thank you for taking the time to read my letter and thoughts on this matter.

Sincerely,

A handwritten signature in black ink that reads "Robert H. Clayton". The signature is written in a cursive style with a large, sweeping initial "R".

Robert H. Clayton
302-475-7730

EXHIBIT H

Robert Lilley
1610 Marsh Road
Wilmington, DE 19803
Realtor, Licensed DE, PA, FL

November 5, 2014

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

I like to preface this letter by asking you to please allow me to tell you a bit about myself. I've worked in the financial services industry in the capacities of realtor, insurance agent, mortgage lender, stock broker and have dealt with people from all ethnic groups and income levels. I've been relatively successful partly due to my understanding of people, human nature and character.

My first face-to-face meeting with Jim Ladio was in September, 2014 when I met with him and Claire at their Grubb Road home for the purpose to determine whether I might be the Realtor they've been looking for. At that time, I had no idea that Jim Ladio was facing serious charges, I had no clue. As time went on and I was hired as their Realtor, I learned only through the newspapers what allegedly had evolved. That being said, prior to our meeting in September I had never met Jim Ladio personally, however, I was aware his occupation was a commercial lending officer in Delaware, and he was highly regarded as an upstanding, consumer oriented and was of upstanding character. Having been hired, Jim and I have met personally a number of times; we exchanged many emails and had conducted many telephone conversations regarding the sale of his primary residence. Please allow me to say this, my observations of Jim Ladio, as his Realtor, I see Jim Ladio as a sincere, upfront man that has done everything he/we can think of to bring this home to the settlement table.

I am compelled to do and say what I believe, and, in my opinion, to be accurate. Working with Jim Ladio has been a pleasure. He's a very remorseful guy right now, but he has been able to retain his professionalism. He worked very hard during this stressful project.

In summary, I concur with everything I was told about Jim Ladio prior to meeting him. He's professional, he's consumer oriented and he's of upstanding character, in my opinion.

Sincerely,


Robert Lilley

EXHIBIT I

November 2, 2014

Honorable Richard Andrews
Judge, US District Court for
The District of Delaware

Your Honor:

Thank you for allowing me the opportunity to write a letter on behalf of my brother James Ladio. Jim and I are two of four siblings, the second and third respectfully. As the two middle children, Jim and I were the closest growing up. He was fun to be around, curious, creative, and outgoing. We played rough games back then like capture the flag and touch football with all the neighborhood kids and Jim was very competitive but not aggressive. As the only boy with three sisters in a Polish Catholic family, I'm sure there were many pressures placed on him to succeed, probably more than the rest of us. Carrying the weight of your parents' ideals is hard for anyone and especially hard for Jim. Not wanting to let anyone down was a burden.

There were several events in Jim's life that tested this burden. First and most importantly was the sudden death of our 55 year old father who died while Jim was on his honeymoon. When Jim returned I know my mother relied heavily on him and looking back, we probably all did. I know it was difficult on him because I knew my brother, but he didn't tell anyone about it. He worked hard and he was good at it. I understand he was well known and liked in the Wilmington business community. Jim would often run into those who used to work with our dad and he was recognized as a younger version of our dad. Under the scrutiny of my dad's peers, my brother built up his own reputation and was known as someone with integrity and professionalism.

The second was his divorce. I do not know all the details because Jim would not talk about it, but I do know that his ex-wife was hurtful. He had a young son at the time who meant everything to him. I know he was struggling emotionally, but he refused to talk to any of us about what she did, instead he focused on work and his son. He shared physical custody of his son, but took on the financial burden of raising him. He was a very supportive and devoted dad.

The third is the community bank. I have not been privy to the details of what happened, I only know what I read on-line. I was shocked when I read the articles. The character they painted is not who I know as my brother and are inconsistent with who he was as a professional. They wrote about some ruthless money grabber, I saw someone who was desperate and took on way more than he could handle by himself as he always did.

Over the last year, Jim and I have grown close again and I know through countless conversations I have had with him that he understands and extremely regrets what he did. He made choices that have ruined his career, his reputation, and most importantly the bank he loved. Because of this I am pleading for leniency on behalf of my brother, not as the naïve devotion of an older sister, but from someone who knows that even though what Jim did was inexcusable and illegal, his intentions were never to harm anyone else. Selfish and self-destructive maybe; but not hostile. I have seen the resignation of someone who had a successful and respected career dissolve overnight by what he did. He has not denied what he did, in fact, I understand that Jim has owned up to his actions from the start and has been very cooperative, even helpful in resolving the issues.

Again, I respectfully ask for leniency for Jim to allow him to make the necessary amends.

Thank you,
Barbara Ladio Tebbutt