

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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|---------------------------------|----------|------------------------------------------------|
| UNITED STATES OF AMERICA | : | CRIMINAL NO. 16- |
| v. | : | DATE FILED: |
| JOSEPH ROSKO, III | : | VIOLATIONS: |
| | : | 18 U.S.C. § 656 (misapplication of bank |
| | : | funds - 1 count) |
| | : | 18 U.S.C. § 371 (conspiracy - 1 count) |
| | : | 18 U.S.C. § 2 (aiding & abetting) |

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

1. Defendant JOSEPH ROSKO, III was the Commercial Loan Officer/ Business Development Officer at Earthstar Bank in Southampton, PA, from approximately April 2009 until May 2010.
2. Defendant JOSEPH ROSKO, III reported to David Lyster (charged elsewhere), who was the Senior Vice President and Chief Lending Officer at Earthstar Bank from approximately April 2008 until April 2010.
3. At all times material to this information, Earthstar Bank was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation (“FDIC”).
4. Earthstar Bank offered its customers a credit card. Earthstar Bank required that its credit card customers make a minimum payment of 4% of the ending principal balance on their statements.

5. In approximately September 2009, defendant JOSEPH ROSKO, III, who had a low credit score, submitted an application for an Earthstar Bank credit card to David Lyster, who approved the application, with a \$15,000 limit.

6. At approximately the same time, defendant JOSEPH ROSKO, III and David Lyster agreed that Lyster would eliminate the minimum monthly payment requirement from defendant ROSKO's Earthstar Bank credit card.

7. Because no minimum payment was required, defendant ROSKO's credit card account could never go past due (so long as he did not exceed his credit limit). In effect, the card would be an unsecured loan for the principal balance, which would never come due or have to be repaid, so long as defendant ROSKO did not exceed the credit limit, and Earthstar Bank would never have the ability to call the loan or recoup the principal. The "no minimum payment" term was not offered to Earthstar Bank's credit card customers or to the general public.

8. Between January 2010 and April 2010, David Lyster raised defendant JOSEPH ROSKO, III's credit limit to \$65,000. In May 2010 (the month that defendant ROSKO resigned), defendant ROSKO exceeded his credit limit on the card and defaulted on the account.

9. One of defendant JOSEPH ROSKO, III's customers at Earthstar Bank was W.R. W.R. had an Earthstar Bank credit card with a credit limit of \$15,000, and W.R.'s company had six business loans with Earthstar Bank totaling approximately \$250,000. As of March 2010, W.R. had reached the credit limit on his Earthstar credit card, and his company's loans were non-performing.

10. In or about April 2010, defendant JOSEPH ROSKO, III, solicited David Lyster to eliminate the minimum payment term, and the cash advance fee, on W.R.'s Earthstar Bank

credit card. Lyster also simultaneously increased the W.R.'s credit limit from \$15,000 to \$75,000. In April and May 2010, W.R. withdrew almost \$50,000 in cash advances on the card. In or about August 2010, W.R. exceeded the \$75,000 credit limit on the credit card, and defaulted on the card.

11. In or about April 2010, defendant JOSEPH ROSKO, III obtained a one-third ownership interest in a struggling pizza restaurant owned by J.P. At that same time, W.R. (defendant ROSKO's bank customer) also obtained a one-third interest in the restaurant. J.P. (the original owner) retained a one-third interest.

12. At approximately the same time, defendant JOSEPH ROSKO, III arranged for an Earthstar Bank credit card with a "no minimum payment" term to be sent to J.P. J.P. withdrew more than \$30,000 in cash advances on the card. In September 2010, J.P. exceeded the \$35,000 credit limit, and defaulted on the card.

13. In or about May 2010, defendant JOSEPH ROSKO, III obtained an Earthstar Bank credit card with a "no minimum payment term" for his friend, C.M., so that C.M. could use the card for cash advances to lend to defendant ROSKO, who had reached the credit limit on his own Earthstar Bank credit card. C.M. obtained multiple cash advances, which he gave to defendant ROSKO.

14. In December 2010, Earthstar Bank was closed by the Pennsylvania Department of Banking, and the FDIC was appointed as receiver of the institution. The FDIC realized a financial loss of approximately \$124,891 due to the defaulted debt on the "no minimum payment" Earthstar credit cards of defendant JOSEPH ROSKO, III, W.R., J.P., and C.M.

15. From in or about June 2009 and April 2010, in the Eastern District of Pennsylvania, defendant

JOSEPH ROSKO, III,

being an employee, that is, the Commercial Loan Officer/ Business Development Officer of Earthstar Bank, the accounts of which were insured by the Federal Deposit Insurance Corporation, with the intent to injure and defraud Earthstar Bank, embezzled and willfully misapplied a total of approximately \$124,891 of funds and moneys entrusted to the custody and care of Earthstar Bank, and aided and abetted the embezzlement and willful misapplication of funds entrusted to the custody and care of Earthstar Bank.

In violation of Title 18, United States Code, Sections 656 and 2.

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 through 10 of Count One are incorporated here.
2. From in or about November 2009 to in or about April 2010, in Southampton, in the Eastern District of Pennsylvania, and elsewhere, defendant

JOSEPH ROSKO, III,

being an employee, that is, the Commercial Loan Officer/Business Development Officer at Earthstar Bank, the accounts of which were insured by the Federal Deposit Insurance Corporation, with the intent to injure and defraud Earthstar Bank, conspired and agreed, together and with others known and unknown to the grand jury, to embezzle and willfully misapply funds and moneys entrusted to the custody and care of Earthstar Bank, in violation of Title 18, United States Code, Section 656.

MANNER AND MEANS

It was a part of the conspiracy that:

1. Defendant JOSEPH ROSKO, III and David Lyster agreed that Lyster would remove the minimum monthly payment term from defendant ROSKO's Earthstar Bank credit card account.
2. Later, defendant JOSEPH ROSKO, III and David Lyster agreed that Lyster would approve a "no minimum payment" term for an Earthstar credit card issued to one of J.R.'s bank customers, W.R.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its object the defendant committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. In or about November 2009, defendant JOSEPH ROSKO, III sent an email to David Lyster, alerting Lyster that there was still a minimum payment due on defendant ROSKO's credit card bill and stating "I don't think the change in minimu[m] payment took effect." Thereafter, the minimum monthly payment term was removed.

2. In or about April 2010, defendant JOSEPH ROSKO, III solicited David Lyster to eliminate the minimum payment term and the cash advance fee from the Earthstar Bank credit card of one of defendant ROSKO's bank customers, W.R. On or about April 14, 2010, David Lyster faxed to Earthstar's credit card processor a credit card maintenance form that eliminated the minimum payment term and the cash advance fee from W.R.'s Earthstar Bank credit card.

All in violation of Title 18, United States Code, Section 371.

ZANE DAVID MEMEGER
UNITED STATES ATTORNEY