

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

**BILL OF INFORMATION FOR CONSPIRACY
TO COMMIT BANK FRAUD AND NOTICE OF FORFEITURE**

UNITED STATES OF AMERICA	*	CRIMINAL NO. 20-62
v.	*	SECTION: R(3)
WARREN G. TREME	*	VIOLATION: 18 U.S.C. § 1349
	* * *	

The Attorney for the United States charges that:

COUNT 1
(Conspiracy to Commit Bank Fraud)

A. AT ALL MATERIAL TIMES HEREIN:

1. First NBC Bank (the "Bank") was a financial institution, as defined in Title 18, United States Code, Section 20(1), and a member of the Federal Deposit Insurance Corporation ("FDIC") with deposits insured by the FDIC. The FDIC is an independent agency created by Congress to maintain the stability and public confidence in the nation's financial system by, among other things, insuring deposits and examining and supervising financial institutions for safety and soundness and consumer protection.

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2. The Bank was established in or around 2006, with its headquarters in New Orleans, Louisiana, within the Eastern District of Louisiana. At various times, the Bank maintained branch offices in Louisiana, Mississippi, and Florida.

3. The Bank was the wholly-owned subsidiary of First NBC Bank Holding Company. Bank President “A” was a founder of the Bank and acted as its President and Chief Executive Officer from in or around May 2006 until in or around December 2016, when he stepped down as CEO and Chairman of the Board.

4. The Bank also had a Board of Directors (“the Board”).

5. In or around May 2013, First NBC Bank Holding Company became a publicly-traded company listed on the NASDAQ.

6. From its inception until approximately April 2017, the Bank’s assets grew to approximately \$5 billion. The Bank funded this rapid growth, in part, by increasing its loan portfolio.

7. On or about April 28, 2017, the Bank was declared failed and was closed by the Louisiana Office of Financial Institutions. Thereafter, the FDIC took control over the Bank. The Bank’s failure cost the FDIC’s deposit insurance fund approximately \$996.9 million.

8. **WARREN G. TREME (“TREME”)** was a businessman and part owner of the following entities: BNW Ventures, Airline Investment Properties, Airline Investments II, Gulf Mississippi River Port, and Treme Builders. Together with Bank President A, **TREME** also owned Wadsworth Estates, R Bend Estates Homes, R Bend Estates, and R Bend Estates II. **TREME** and certain of his entities were borrowers at the Bank. By the time the Bank closed, **TREME** and his entities owed the Bank approximately \$6.3 million.

B. CONSPIRACY TO COMMIT BANK FRAUD:

Beginning at a time unknown, but from at least 2006, through in and around April 2017, in the Eastern District of Louisiana and elsewhere, the defendant, **WARREN G. TREME**, Bank President A, Bank Officer B, and others known and unknown to the Attorney for the United States, did knowingly and willfully combine, conspire, confederate, and agree to knowingly and with the intent to defraud, execute and attempt to execute a scheme and artifice to defraud First NBC Bank, a financial institution, and to obtain any of the moneys, funds, credits, and assets, owned by and under the custody or control of First NBC Bank by means of false and fraudulent pretenses, representations, and promises relating to a material fact, in violation of Title 18, United States Code, Section 1344.

C. THE SCHEME AND ARTIFICE TO DEFRAUD:

1. It was part of the scheme and artifice to defraud that the defendant, **WARREN G. TREME**, Bank President A, and Bank Officer B unjustly enriched themselves by disguising the true financial status of **TREME** and his entities' loans, which in turn concealed the true financial condition of **TREME** and his entities from the Board, auditors, and examiners.

2. It was further part of the scheme and artifice to defraud that **TREME**, Bank President A, and Bank Officer B concealed the true financial condition of **TREME** and his entities' loans in many ways, including (1) overdrawing demand deposit accounts to make loan payments; (2) using Bank loan proceeds to make loan payments; (3) and increasing, extending, or renewing existing loans, and issuing new loans, to hide **TREME's** inability to make loan payments. These actions benefitted **TREME** by, among other things, preventing **TREME** from being forced into default and the Bank from declaring a loss.

3. It was further a part of the scheme and artifice to defraud that **TREME**, Bank President A, and Bank Officer B knowingly and intentionally diverted loan proceeds from **TREME**'s loans to benefit Wadsworth Estates, a real estate development project jointly owned by **TREME** and Bank President A.

4. It was further part of the scheme and artifice to defraud that **TREME**, Bank President A, and Bank Officer B, knowingly and intentionally concealed Bank President A's participation in and oversight of **TREME**'s loans, which benefited Bank President A, from the Board, auditors, and examiners.

The TREME Banking Relationship

5. Prior to the founding of the Bank, **TREME** was a borrower at Bank B, where Bank President A was President before he left to help found First NBC Bank. Bank President A and **TREME** were partners in several business ventures, including Wadsworth Estates. Despite this conflict of interest, Bank President A exercised authority over **TREME**'s loans at Bank B.

6. From at least 2008 through in or around April 2017, **TREME** was a borrower at First NBC Bank. Because of Bank President A and **TREME**'s business relationship, another Bank employee served as the loan officer for **TREME**'s loans, while Bank Officer B served as the approving officer and assigned the credit risk rating to those loans. Although Bank President A should not have been involved in **TREME**'s borrowing relationship, he continued to exercise authority over **TREME**'s loans by, among other things, approving overdraft payments and loan disbursements.

7. In numerous loan documents over several years, **TREME** made misrepresentations and material omissions related to his financial status and the purpose of his loans. Bank President A and Bank Officer B were aware of these misrepresentations and material omissions. Rather than

writing off **TREME's** loans or otherwise discouraging **TREME** from lying in loan documents, Bank President A and Bank Officer B approved and facilitated **TREME's** loans, knowing they contained these misrepresentations and material omissions. They also made misrepresentations and material omissions of their own regarding **TREME's** loans.

8. For example, in June 2014, **TREME** signed loan documents stating that he intended to use loan proceeds on working capital for long term investments. In reality, these loan proceeds were used to pay previous **TREME** loans and an overdraft in **TREME's** deposit account, as well as some of his personal expenses, including restaurants, bars, and golf fees. **TREME** lacked sufficient income and cash flow from his businesses to pay his own loans and personal expenses. As a result, **TREME** relied on the Bank loans to fund his debt service and lifestyle. Bank President A and Bank Officer B were aware of **TREME's** true financial status. Nevertheless, Bank President A and Bank Officer B approved and facilitated the June 2014 loan by, among other things, falsely stating that the loan contained normal risks, falsely stating that **TREME** would repay the loan using income from his businesses, and falsely omitting the material fact that **TREME** lacked sufficient income to make his own loan payments unless he received additional loans.

9. In February 2016, **TREME** signed loan documents stating that he intended to use loan proceeds to cover business expenses. Rather than using the proceeds for their stated purpose, **TREME** spent the money on renovations to his personal residence, gambling, and \$74,000 in payments related to Wadsworth Estates, the business **TREME** co-owned with Bank President A. Bank President A and Bank Officer B approved and facilitated the February 2016 loan by, among other things, stating that **TREME** would repay the loan with income from his businesses and

falsely omitting the material fact that **TREME** lacked sufficient income to make his own loan payments unless he received additional loans.

10. In these and other loans, **TREME** worked with Bank President A and Bank Officer B to funnel money to himself and to his entities, including Wadsworth Estates, the business **TREME** co-owned with Bank President A. To accomplish this, Bank President A and Bank Officer B lied to and concealed material information related to **TREME**'s loans from the Board, auditors, and examiners.

11. Additionally, in late 2015 and early 2016, **TREME**, Bank President A, and Bank Officer B negotiated a settlement with two of **TREME**'s other business partners. As part of the settlement, **TREME**'s business partners agreed to pay the Bank \$400,000. Rather than using the \$400,000 to pay down the outstanding loan debt owed by **TREME** and his business partners, Bank President A and Bank Officer B gave \$300,000 to **TREME**. **TREME** spent the money on gambling, a trip to the Caribbean, and approximately \$14,000 in expenses related to Wadsworth Estates. During a subsequent Board meeting, Bank President A and Bank Officer B falsely stated that the \$300,000 was used to pay down the outstanding loan debt owed by **TREME** and his business partners.

All in violation of Title 18, United States Code, Sections 1349.

NOTICE OF FORFEITURE

1. The allegations contained in Count 1 of this Bill of Information are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(2)(A).

2. Upon conviction of the offense in violation of Title 18, United States Code, Sections 1349 set forth in Count 1 of this Bill of Information, the defendant, **WARREN G.**

TREME, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation.

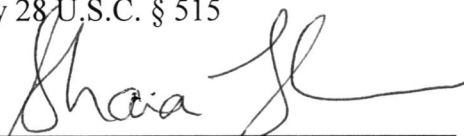
3. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to 18 U.S.C. § 982(a)(2)(A).

MICHAEL M. SIMPSON
Attorney for the United States
Acting under authority conferred
by 28 U.S.C. § 515



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New Orleans, Louisiana
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