

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA                   :       Hon. Jose L. Linares  
  :       :  
  :       Criminal No. 19-  
  :       :  
JAMES DEMETRAKIS                            :       18 U.S.C. § 371

**I N F O R M A T I O N**

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

**Defendants, Relevant Entities and Individuals**

1. At various times relevant to this Information:
  - a. Defendant JAMES DEMETRAKIS (“DEMETRAKIS”) resided in Englewood, New Jersey.
  - b. Fred Daibes (“Daibes”) resided in Edgewater and was the founder of Mariner’s Bank. From its inception until in or about April 2011, Daibes served as Chairman of the Board of Directors (the “Board”) of Mariner’s Bank. Daibes also was the Chief Executive Officer of Daibes Enterprises, which was a consortium of companies principally specializing in real estate development, property management, contracting, and financing.
  - c. Mariner’s Bank was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation (“FDIC”). Mariner’s Bank was headquartered in Edgewater with branches located throughout Bergen County, New Jersey.

d. The FDIC was an independent agency created by Congress to maintain stability and public confidence in the nation's financial system by insuring deposits, examining and supervising banks for safety and soundness and consumer protection, and managing the resolution of banks placed in receivership for failure to comply with safety and soundness and other regulatory standards.

e. Nominee 1 and Nominee 2 were relatives of DEMETRAKIS.

f. Mariner's Bank was subject to federal and state banking regulations restricting the amount of bank funds that it could lend to a single borrower (the "Lending Limits").

g. Depending on the size and type of a requested loan, either the Board or the Loan Committee, a subset of the Board that included Daibes, voted to approve the loan. Prior to voting on a proposed loan, the Board and the Loan Committee typically reviewed a loan memorandum prepared by a Mariner's Bank lending officer that set forth certain details about the proposed loan, including the borrowers, the terms, the collateral, the expected source of repayment, and the primary purpose of the loan proceeds.

## **The Conspiracy**

2. From in or about January 2008 through in or about December 2013, in Bergen County, in the District of New Jersey, and elsewhere, defendant

### **JAMES DEMETRAKIS**

knowingly and intentionally conspired and agreed with Fred Daibes and others to commit offenses against the United States, that is, to make false entries in books, reports, and statements of Mariner's Bank, and to cause false entries in books, reports and statements of Mariner's Bank to be made, with the intent to deceive an officer of Mariner's Bank, and the FDIC, and agents and examiners appointed to examine the affairs of Mariner's Bank, contrary to Title 18, United States Code, Section 1005.

### **Object of the Conspiracy**

3. The object of the conspiracy was for DEMETRAKIS, Daibes, and others to: (a) circumvent the Lending Limits by using nominee borrowers to obtain millions of dollars in loans from Mariner's Bank for the benefit of Daibes and others; and (b) to promote, facilitate, and conceal their misconduct by submitting false documents to Mariner's Bank and the FDIC and by causing false entries to be made in the books and records of Mariner's Bank.

### **Manner and Means of the Conspiracy**

4. It was part of the conspiracy that:

- a. Daibes and others recruited nominees, including DEMETRAKIS, Nominee 1, and Nominee 2 (collectively, the “Nominees”) to obtain loans (“Nominee Loans”) from Mariner’s Bank for the benefit of Daibes.
- b. DEMETRAKIS, Daibes, and others made and caused to be made materially false and misleading statements and material omissions to Mariner’s Bank in order to obtain the Nominee Loans, including by concealing that Daibes was the true beneficiary of the Nominee Loans.
- c. DEMETRAKIS, Nominee 1, and Nominee 2 distributed or caused to be distributed the proceeds of the Nominee Loans to Daibes.
- d. Daibes provided or caused to be provided to DEMETRAKIS, Nominee 1, and Nominee 2 the funds to make monthly interest payments on the Nominee Loans.
- e. Daibes provided or caused to be provided to DEMETRAKIS, Nominee 1, and Nominee 2 the funds to pay off the principal on the Nominee Loans.
- f. DEMETRAKIS, Daibes and others caused Mariner’s Bank to create and maintain documents, including loan memoranda, falsely identifying the Nominees as the recipients of the Nominee Loans, when, in fact, Daibes was the true beneficiary.
- g. The following nominee loans were obtained in furtherance of the conspiracy:

**I. \$1.8 Million Nominee Loan**

i. On or about June 11, 2008, the Loan Committee approved the extension of a \$1.8 million line of credit to DEMETRAKIS (“\$1.8 Million Nominee Loan”). According to the loan memorandum, the purpose of the loan was “real estate investment” and DEMETRAKIS purportedly requested the loan for “further real estate investments.” Daibes voted to approve the loan.

ii. DEMETRAKIS concealed from Mariner’s Bank that the \$1.8 Million Nominee Loan was for the benefit of Daibes, that Daibes would receive the proceeds of the loan, and that Daibes would be responsible for repaying the loan.

iii. Accordingly, the loan memorandum falsely stated that: (a) DEMETRAKIS was the borrower, when, in fact, the line of credit was for the benefit of Daibes; and (b) the source of repayment would be the personal cash flow of DEMETRAKIS when, in fact, Daibes would and did fund the payments on the line of credit.

iv. On or about June 12, 2008, Mariner’s Bank funded the \$1.8 Million Nominee Loan by issuing a \$1.8 million check to DEMETRAKIS. DEMETRAKIS endorsed the check and gave it to Daibes, who signed the check and caused it to be deposited into his own bank account in Fort Lee, New Jersey.

v. The Board renewed the \$1.8 Million Loan on three occasions. Daibes voted in favor of renewal on one occasion and abstained from voting on two other occasions.

vi. Between in or about 2009 and in or about 2012, Daibes issued checks to DEMETRAKIS in the approximate amounts of the monthly payments due and owing on the \$1.8 Million Nominee Loan. DEMETRAKIS utilized those funds to make loan payments to Mariner's Bank. For example, on or about December 8, 2009, Daibes caused a check to be written to DEMETRAKIS for \$10,653.49. On or about December 21, 2009, DEMETRAKIS caused this check to be deposited into DEMETRAKIS's bank account. And, on or about December 30, 2009, DEMETRAKIS caused a check to be written to Mariner's Bank in the amount of \$10,653.49, the monthly payment due and owing on the \$1.8 Million Nominee Loan.

vii. In or about 2012, Daibes utilized entities that he controlled to provide DEMETRAKIS with funds to pay the principal amount due and owing on the \$1.8 Million Nominee Loan.

viii. Daibes did not disclose to Mariner's Bank that he was the beneficiary of the \$1.8 Million Nominee Loan funds or that he was funding the interest and principal payments made by DEMETRAKIS to Mariner's Bank.

## **II. The LCII Nominee Loan**

i. On or about March 13, 2009, Mariner's Bank approved a \$2.625 million loan to Nominee 1 and Nominee 2, on behalf of Liberty Commons II, LLC ("LCII") (the "LCII Nominee Loan"). According to the loan memorandum for the LCII Nominee Loan, the purpose of the loan was to "purchase all existing assets and ownership interests, including subject real estate, from current owner of Liberty Commons II, LLC." The loan

memorandum further listed Nominee 1 and Nominee 2 as the guarantors for the LCII Nominee Loan.

ii. In fact, the statements in the loan memorandum were false. The LCII Nominee Loan was for the benefit of Daibes and DEMETRAKIS, and neither Nominee 1 nor Nominee 2 expected to make any repayments towards it.

iii. Daibes and DEMETRAKIS had reached their Lending Limits. Accordingly, DEMETRAKIS solicited Nominee 1 and Nominee 2 to obtain the LCII Nominee Loan for the benefit of Daibes and DEMETRAKIS.

iv. In or about January 2009, Daibes was the 100% owner of LCII. In or about February 2009, DEMETRAKIS acquired a 100% ownership interest in LCII. Later in or about February 2009, DEMETRAKIS entered into a contract to sell LCII to Nominee 1 and Nominee 2 for a purchase price of \$3.5 million.

v. Nominee 1 and Nominee 2 represented to Mariner's Bank that they would use the \$2.625 million in loan proceeds to pay DEMETRAKIS a portion of the \$3.5 million purchase price. In fact, the contract was a sham, and DEMETRAKIS never collected the remaining monies owed.

vi. The funds from the LCII Nominee Loan were deposited into an attorney trust account and then transferred to Daibes and DEMETRAKIS. Daibes used approximately \$813,000 of the LCII Nominee Loan proceeds to purchase another bank branch in Park Ridge, New Jersey, that he subsequently leased back to Mariner's Bank.

vii. In or about May 2010, Daibes and DEMETRAKIS entered into a contract with a borough in New Jersey to build a police station on the property owned by LCII. Daibes and DEMETRAKIS signed the contract on behalf of LCII even though Nominee 1 and Nominee 2 were the supposed owners of LCII.

viii. In or about December 2010, Daibes and DEMETRAKIS obtained a construction loan from another financial institution that they used to partially pay down the principal on the LCII Nominee Loan.

ix. In or about April 2013, Daibes caused Mariner's Bank to issue a loan to a family trust that Daibes controlled, and a portion of the loan proceeds were used to pay down the remaining principal on the LCII Nominee Loan.

x. Nominee 1 and Nominee 2 did not expend any of their own monies to obtain or pay down the LCII Nominee Loan. Nominee 1 and Nominee 2 neither developed the property owned by LCII, nor communicated with the borough regarding the construction of a police station on that property.

xi. Daibes and DEMETRAKIS did not disclose to Mariner's Bank that they were the beneficiaries of the funds from the LCII Nominee Loan.

In violation of Title 18, United States Code, Section 371.

  
CRAIG CARPENITO  
United States Attorney



**CASE NUMBER: 18-**

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**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

**v.**

**JAMES DEMETRAKIS**

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**INFORMATION FOR**

18 U.S.C. § 371

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**CRAIG CARPENITO**

*U.S. ATTORNEY*

*NEWARK, NEW JERSEY*

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