

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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	)	
In the Matter of	)	NOTICE OF ASSESSMENT OF
	)	CIVIL MONEY PENALTY,
BANK OF LOUISIANA,	)	FINDINGS OF FACT AND
NEW ORLEANS, LOUISIANA	)	CONCLUSIONS OF LAW,
	)	ORDER TO PAY, AND
(Insured State Nonmember Bank)	)	NOTICE OF HEARING
	)	
_____	)	FDIC-17-0086k
	)	

NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY

The Federal Deposit Insurance Corporation ("FDIC") has determined that Bank of Louisiana, New Orleans, Louisiana ("Respondent"), has engaged in a pattern or practice of committing violations of the National Flood Insurance Act of 1968 ("NFIA"), as amended, and the Flood Disaster Protection Act of 1973 ("FDPA"), as amended, 42 U.S.C. §§ 4001-4129, and Part 339 of the FDIC Rules and Regulations, 12 C.F.R. Part 339, which implements the requirements of the NFIA and FDPA.

Wherefore, the FDIC hereby issues this NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING ("NOTICE OF ASSESSMENT") against Respondent, pursuant to the provisions of section 102(f) of the FDPA, 42 U.S.C. § 4012a(f); section 8(i) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(i); and Part 308 of the FDIC Rules and Regulations (Rules of Practice and Procedure), 12 C.F.R. Part 308, for engaging in a pattern or practice of committing violations of the FDPA, NFIA, and Part 339 of the FDIC Rules and Regulations. In support thereof, the FDIC finds and concludes as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Respondent is a corporation existing and doing business under the laws of the State of Louisiana, having its principal place of business in New Orleans, Louisiana.
2. Respondent is and was, at all times pertinent to this proceeding, an insured “State nonmember bank” as that term is defined in section 3(e)(2) of the Act, 12 U.S.C. § 1813(e)(2), and, as such, is and was subject to the Act, 12 U.S.C. §§ 1811-1831aa.
3. At all times pertinent to this proceeding Respondent is and was an “insured depository institution” as that term is defined in section 3(c)(2) of the Act, 12 U.S.C. § 1813(c)(2).
4. At all times pertinent to this proceeding Respondent is and was a “regulated lending institution” as that term is defined in section 3(a)(10) of the FDPA, 42 U.S.C. § 4003(a)(10).
5. At all times pertinent to this proceeding Respondent is and was an “FDIC-supervised institution” or “Bank” as defined in section 339.2 of the FDIC Rules and Regulations, 12 C.F.R. § 339.2.
6. At all times pertinent to this proceeding the FDIC is and was the “appropriate Federal banking agency” to maintain this enforcement action pursuant to section 3(q)(2)(A) of the Act, 12 U.S.C. § 1813(q)(2)(A).
7. At all times pertinent to this proceeding the FDIC is and was the “appropriate Federal entity for lending regulation” as that term is defined in section 3(a)(5) of the FDPA, 42 U.S.C. § 4003(a)(5), for the purposes of enforcing section 102 of the FDPA, 42 U.S.C. § 4012a, against a State nonmember bank.
8. At all times pertinent to this proceeding the FDIC maintains and maintained

jurisdiction over Respondent and the subject matter of this proceeding.

9. The FDIC conducted a Compliance Examination of Respondent as of June 8, 2015. The findings of that examination, set forth in the June 8, 2015 Compliance Report of Examination, form the basis for this proceeding.

10. Between May 23, 2013 and June 8, 2015, Respondent made, increased, extended, or renewed each of the loans identified in exhibits A, B, C, D, E, and F attached hereto.

11. Respondent serviced each of the loans identified in exhibits A, B, C, D, E, and F attached hereto.

12. Each loan identified in exhibits A, B, C, D, E, and F attached hereto is a loan secured by a building or mobile home that is located or to be located on the land in the flood plain within a community having at least a one percent chance of flooding in any given year, as designated by the Administrator of the Federal Emergency Management Agency ("special flood hazard area"), in which flood insurance is available under the NFIA (hereafter "designated loan"), pursuant to section 102(b)(1) of the FDPA, 42 U.S.C. § 4012a(b)(1), and section 339.2 of the FDIC Rules and Regulations, 12 C.F.R. § 339.2.

13. For each of the 30 designated loans identified in Exhibit A, Respondent made, increased, extended, or renewed the loan without obtaining flood insurance coverage for the building or mobile home and any personal property securing the loan at or before loan origination, in violation of section 102(b)(1) of the FDPA, 42 U.S.C. § 4012a(b)(1), and section 339.3(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.3(a).

14. For each of the 23 designated loans identified in Exhibit B, Respondent made, increased, extended, or renewed the loan but failed to maintain flood insurance coverage for the term of the loan, in violation of sections 102(b)(1) and/or 102(e)(2) of the FDPA, 42 U.S.C. §§

4012a(b)(1) and/or 4012a(e)(2), and sections 339.3(a) and/or 339.7 of the FDIC Rules and Regulations, 12 C.F.R. §§ 339.3(a) and/or 339.7.

15. For each of the 21 designated loans identified in Exhibit C, Respondent made, increased, extended, or renewed the loan but the amount of flood insurance coverage for the building or mobile home and any personal property securing the loan was not an amount at least equal to the outstanding principal balance of the loan or the maximum limit of coverage made available under the NFIA with respect to the particular type of property, whichever is less, in violation of section 102(b)(1) of the FDPA, 42 U.S.C. § 4012a(b)(1), and section 339.3(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.3(a).

16. For each of the 46 designated loans identified in Exhibit D, Respondent determined that the building or mobile home and any personal property securing the loan was not covered by flood insurance, but failed to notify the borrower that the borrower should obtain, at the borrower's expense, an amount of flood insurance at least equal to the outstanding principal balance of the loan or the maximum limit of coverage made available under the NFIA with respect to the particular type of property, whichever is less, in violation of section 102(e)(1) of the FDPA, 42 U.S.C. § 4012a(e)(1), and section 339.7 of the FDIC Rules and Regulations, 12 C.F.R. § 339.7.

17. For each of the 47 designated loans identified in Exhibit E, Respondent made, increased, extended, or renewed the loan but never mailed or delivered a written notice to the borrower that the building or mobile home securing the loan is or will be located in a special flood hazard area ("SFHA Notice"), in violation of section 1364(a)(1) of the NFIA, 42 U.S.C. § 4104a(a)(1), and section 339.9(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.9(a).

18. For each of the 64 designated loans identified in Exhibit F, Respondent failed to

mail or deliver the required SFHA Notice to the borrower within a reasonable time before the completion of the transaction, in violation of section 1364(a)(1) of the NFIA, 42 U.S.C. § 4104a(a)(1), and section 339.9(c) of the FDIC Rules and Regulations, 12 C.F.R. § 339.9(c).

19. All of the flood insurance violations that the FDIC cited in Respondent's June 8, 2015 Compliance Report of Examination, are repeat violations that the FDIC previously cited in Respondent's November 18, 2013 Compliance Report of Examination.

20. By virtue of the facts stated above in Paragraphs 1 through 19 inclusive, the FDIC concludes that Respondent has engaged in a pattern or practice of committing violations of section 102(b)(1) of the FDPA, 42 U.S.C. § 4012a(b)(1); section 102(e)(1) of the FDPA, 42 U.S.C. § 4012a(e)(1); section 102(e)(2) of the FDPA, 42 U.S.C. § 4012a(e)(2); section 1364(a)(1) of the NFIA, 42 U.S.C. § 4104a(a)(1); and sections 339.3(a), 339.7, 339.9(a), and 339.9(c) of the FDIC Rules and Regulations, 12 C.F.R. §§ 339.3(a), 339.7, 339.9(a), and 339.9(c); and that, pursuant to section 102(f) of the FDPA, 42 U.S.C. § 4012a(f), and section 8(i) of the Act, 12 U.S.C. § 1818(i), a civil money penalty shall be assessed against Respondent.

ORDER TO PAY

By reason of the violations set forth in the NOTICE OF ASSESSMENT, the FDIC has concluded that a civil money penalty shall be assessed against Respondent pursuant to section 102(f) of the FDPA, 42 U.S.C. § 4012a(f), and section 8(i) of the Act, 12 U.S.C. § 1818(i). After taking into account the appropriateness of the penalty with respect to the size of financial resources and good faith of Respondent, the gravity of the violations, the history of previous violations, and such other matters as justice may require, it is:

ORDERED, that by reason of the violations set forth in Paragraphs 1 through 20 hereof, a civil money penalty of \$164,511 be, and hereby is, assessed against Respondent pursuant to

section 102(f) of the FDPA, 42 U.S.C. § 4012a(f), and section 8(i) of the Act, 12 U.S.C. § 1818(i). Respondent shall pay the civil money penalty by delivering to the FDIC a cashier's check in the amount of \$164,511, made payable to the "United States Treasury."

IT IS FURTHER ORDERED, that the effective date of the ORDER TO PAY is stayed until twenty (20) calendar days after the date of service of the NOTICE OF ASSESSMENT and ORDER TO PAY.

**ACTION REQUIRED BY RESPONDENT TO CONTEST THE
NOTICE OF ASSESSMENT AND ORDER TO PAY**

Under 12 U.S.C. § 1818(i)(2)(H) and 12 C.F.R. § 308.19, if Respondent wants to contest the NOTICE OF ASSESSMENT and ORDER TO PAY, within twenty (20) calendar days of service of this NOTICE OF ASSESSMENT and ORDER TO PAY, Respondent must file both:

- (1) a Request for Hearing on the NOTICE OF ASSESSMENT; **and**
- (2) an Answer to the allegations in the NOTICE OF ASSESSMENT.

Filing an Answer to the allegations in the NOTICE OF ASSESSMENT, without filing a clear and unambiguous Request for Hearing on the NOTICE OF ASSESSMENT, will not preserve Respondent's right to contest the NOTICE OF ASSESSMENT and ORDER TO PAY.

If Respondent fails to file a Request for Hearing on the NOTICE OF ASSESSMENT within twenty (20) calendar days of service, the penalty assessed against Respondent pursuant to the ORDER TO PAY will be final and unappealable under 12 U.S.C. § 1818(i)(2)(E)(ii) and 12 C.F.R. § 308.19(c)(2), and shall be paid within sixty (60) calendar days of the date of service of the NOTICE OF ASSESSMENT.

PLACE AND MANNER OF FILING

All documents filed in these proceedings must be filed with the Office of Financial Institution Adjudication (OFIA), ofia@fdic.gov, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, Virginia, 22226-3500, in the manner specified under 12 C.F.R. § 308.10. Also, copies of all documents filed in these proceedings shall be served upon: Robert Feldman, Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Room F-1058, Washington, D.C. 20429-9990; A. T. Dill, III, Assistant General Counsel, Enforcement Section, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; James L. Anderson, Assistant General Counsel, and Marguerite Sagatelian, Senior Counsel, Consumer Section, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; and Stephen C. Zachary, Regional Counsel, Federal Deposit Insurance Corporation, 1601 Bryan Street, Dallas, Texas 75201-3401.

OPPORTUNITY FOR HEARING

Any hearing requested will be held before an Administrative Law Judge assigned by OFIA under 5 U.S.C. § 3105. The hearing will be open to the public, unless the FDIC shall determine that an open hearing would be contrary to the public interest, and in all respects will be conducted in compliance with the provisions of 12 U.S.C. §§ 1811-1831aa and 12 C.F.R. Part 308. The hearing will be held in New Orleans, Louisiana, within sixty (60) calendar days from the date of service of the NOTICE OF ASSESSMENT, or at such time, date, or place designated by the Administrative Law Judge appointed to hear this matter.

If Respondent timely files (1) a Request for Hearing on the NOTICE OF ASSESSMENT and (2) an Answer to the allegations in the NOTICE OF ASSESSMENT, evidence on the

allegations shall also be taken at the hearing to determine whether the ORDER TO PAY assessed against Respondent should be sustained.

Pursuant to delegated authority.

Dated this 15th day of May, 2017.

/s/

Deputy Regional Director
Dallas Region

Exhibit A

Loan Numbers:

Exhibit B

Loan numbers:

Exhibit C

Loan Numbers:

Exhibit D

Loan Numbers:

Exhibit E

Loan Numbers:

Exhibit F

Loan Numbers: