Another La. bank is closed

Blanchard office, 5 branches to reopen

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BLANCHARD - Loan problems and poor management forced the closure of a northern Louisiana bank on Friday, but officials said its six offices will reopen Monday under new ownership without any loss to depositors.

Republic Bank's five Shreveport branches and main office here were shut down at 2 p.m. Friday, said Kenneth Pickering, the state commissioner of financial institutions.

"The bank failed because of loan problems which have accumulated over a number of years. It also had problems involving several management groups," Pickering said.

"In this particular case I would think management was more to blame for the failure than the economy, but obviously the economy plays a role," he said.

Shortly after the closure, the Federal Deposit Insurance Corporation approved assumption of the failed bank's 11,200 accounts, totaling $39.3 million, by American Bank & Trust Co. of Monroe, FDIC spokesman Bill Olcheski said.

The FDIC assumed $16.7 million in problem loans and advanced American $14.9 million to balance out Republic's books, Olcheski said.

The federal insurer will recover some of the money it lost in the transaction through liquidation of assets not turned over to American Bank, he said.

American also agreed to pay the FDIC $607,000 cash and to purchase some of the failed bank's loans and other assets, totaling $23.6 million, he said.

The failed bank's six offices will reopen at 9 a.m. Monday as American Bank branches, with all customers automatically established as depositors of the new bank, Olcheski said.

"Customers can do business as usual Monday morning," Pickering said. "They can use the same checks they have in their possession. All of the accounts are fully protected."

The bank failure is the seventh in Louisiana this year and the 115th in the nation, Olcheski said. Seven savings and loan institutions in the state also have failed this year.