Bank Is Closed At Opelousas

OPELOUSAS, La. (AP) — Federal authorities announced that the Planters Trust and Savings Bank of Opelousas folded Friday, the fourth bank failure reported in Louisiana in 11 years.

James Hayes, Louisiana's commissioner of financial institutions, ordered the closure, which was announced Friday from the Washington offices of the Federal Deposit Insurance Corp.

Planters Trust ceased to exist at 2 p.m. Friday, when the doors closed at the bank's downtown Opelousas headquarters, two branches elsewhere in the city and another in nearby Leonville.

New Ownership

The bank will reopen on Monday under new ownership by First National Bank of St. Landry Parish, which outbid four other banks or banking groups with an offer of $4,031,973 to the FDIC.

"Depositors will not lose a dime," said Kit Byrne, an FDIC lawyer in Washington.

Fifty-five FDIC examiners, four state bank examiners and two Federal Reserve system employees will spend the weekend going over Planters Trust's books in preparation for the reopening, officials said.

Hayes said Planters Trust had $63 million in assets and $40 million outstanding in loans. Some of the loans — he wouldn't say how many — were uncollectable, so he declared the bank insolvent and ordered it closed, he said.

The First National Bank of St. Landry assumed the $57 million in 3,200 deposit accounts, the FDIC announcement said.

"All depositors of the closed bank automatically become depositors in (First National), and Planters' four offices will reopen Monday as branches of First National," said the FDIC spokesman.

Most Stable

Hayes said that with the opening of business on Monday, First National will be the most stable bank in Louisiana, because it won't have any bad loans.

However, the arrangements for the protection of depositors wasn't getting out fast enough to reassure the people who rushed to the bank worried about their savings and checking accounts.

Under terms of the receivership, First National pays the FDIC its purchase premium of more than $4 million, and the federal insurance agency advances $31.3 million in cash to First National.

Also, First National retains about $41.8 million of Planters Trust's assets. FDIC expects to recover a substantial part of its outlay through liquidation of assets not transferred to First National.

In 1973, the Delta Security Bank and Trust Co. of Ferriday was convicted of embezzlement. A vice president of the Ferriday bank, James Graves, subsequently was convicted of embezzlement.

He, along with four other men, was also convicted, later, in connection with an involved plot to bilk five Las Vegas hotels out of almost $100,000.

Delta was used as a credit reference, and Graves would vouch for them, when the plotters checked into the hotels and cashed checks.

Delta's failure was the first in Louisiana since the Great Depression was breathing its last in 1937.