Edwards gave up stock in firm
state OK'd for federal funds

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October 13, 1987

A manufacturing firm that began negotiating for a state loan while Gov. Edwin Edwards still owned stock in it has shut down after spending $740,000 in state funds, records show.

American Made Products Inc., of Dallas already was losing money when its owners applied for a federally financed Community Development Block Grant loan in 1984 to build a high-tech medical equipment plant in DeQuincy.

"The plant is closed. They are not operating," said DeQuincy planning director Ray Hyatt, who is trying to salvage the venture.

Hyatt said the company apparently can't make payments on the state-backed loan or a separate bank loan, and has defaulted on local industrial development loans that also helped finance the venture.

A state official said the loan was "last-resort financing" for a budding business that couldn't convince commercial lenders to risk all the money needed to develop an unproven new product.

The official, William Hall of the State Planning office, said the company apparently is going under because it was unable to develop a product that works. Records show the company employed only a fraction of the work force it was required to hire under terms of the loan.

Hall said the governor's office has final say on such loans.


The earliest documentation of state involvement with the venture was five days earlier, Dec. 5, 1984, when DeQuincy Mayor Gary Cooper wrote a letter thanking state officials for visiting his city to discuss the proposed plant.

As late as July 1987, the governor's personal financial disclosure report showed that he still owned stock in the firm that he valued at less than $5,000.

That report is incorrect, according to a recent letter from Edwards aide Bunny Creech to the state Board of Ethics for Elected Officials. On Sept. 22, Creech sent the board a copy of the Kieckley letter as proof that the governor gave up the stock in 1984.

Last week the board instructed Edwards to file an amendment to his report.

Marion Edwards, the governor's brother and re-election campaign director, said the amendment will be filed in a few days.

He said he is not sure how the error occurred. He said the governor probably paid little attention to the stock since he never made any money from the venture and considered it a failure.

"He just sent back the stock certificate. He just gave it back for no compensation ... he reaped nothing," Marion Edwards said.

The governor was not available for comment Monday. He was reportedly out of town and would not be back until late Monday.

The $740,000 loan came from a federal fund called the Community Development Block Grant program, which is supposed to aid low- and moderate-income people.

The money is typically used to provide sewer lines and similar improvements to disadvantaged neighborhoods, but industrial development is another legitimate use for the money, according to Susan Elkins, who handles the program for the State Planning Office.

Hall said he recommended the loan be granted because similar ventures had been approved in the past.

He said such loans are designed to aid businesses that are too risky to get normal bank financing. He said stricter rules have been adopted since the American Made loan was approved.

Hyatt, the DeQuincy planning director, said he recruited the company from Dallas after hearing "through the grapevine" that the fledgling firm was looking for a place to expand.

They were in cramped quarters in Dallas and so we contacted them, and we eventually convinced them to locate in our Air Park," said Hyatt, who was in Baton Rouge Monday to discuss efforts to find another company to use the 10-acre site and $1.2 million building.

Hyatt said he learned of Edwards' involvement in the firm about six months ago.

"When I did find out about it, somebody told me that he had diverted himself of that prior to the company coming to Louisiana," Hyatt said.

A contract between a state agency and DeQuincy, the conduit for the loan, was signed May 6.

Records in the State Planning Office indicate the deal was being discussed in early December 1984. A public hearing was held Dec. 13 and the city formally applied for the money Dec. 16.

Records show the firm proposed developing a refrigerated centrifuge for use in blood plasma centers. The company had previously built stainless steel equipment for restaurants and convenience stores.

"The problem was they couldn't get one to work. They had a market out there," Hall said.

The application for the loan showed that American Made recorded net losses of $88,200 during the first nine months of 1984. Without documentation, the application envisioned a profit of $1.1 million during the first year of operation.

Sales for the first nine months of 1984 for the firm's Dallas operations totalled $651,882. The application predicted sales would reach $5.6 million during the first year of operation in DeQuincy.

In return for the government aid, the company agreed to hire 173 people, mostly from the economically depressed DeQuincy area.

Hyatt said the firm, which began operating in DeQuincy about Jan. 1, 1986, employed about 40 people at peak production. By last spring only a skeleton crew was employed. No one answered the plant's telephone number Monday.

Attempts to reach Kieckley in Dallas and DeQuincy were unsuccessful because the company's Dallas number was reported disconnected and there was no individual listing for Kieckley in either place.