Metairie bank 2nd in La. to close in 8 days

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NEW ORLEANS — The state closed the First Progressive Bank in Metairie on Friday, citing longstanding loan problems as the cause of the second bank failure in Louisiana in eight days and the fourth nationwide this year.

The bank will reopen Saturday under the name First Industrial Bank & Trust Co., said John Vella, closing supervisor for the southwestern region of the Federal Deposit Insurance Corp.

The state commissioner of financial institutions, Kenneth Pickering, ordered First Progressive’s closure at 2 p.m.

At a news conference at the Federal Reserve Building in New Orleans, Pickering attributed the closed bank’s problems to the state’s sluggish economy and to “loans that shouldn’t have been made.”

Pickering said the blame cannot be placed with any one management team. The bank has had three, he said, since it was chartered in the mid-1970s.

Vella, who was at the bank Friday, said news that the bank was closing caused no problems.

“There was no run, no panic,” he said. He said he was running an inventory of its assets and liabilities.

Calls to First Progressive Bank officers were channeled to Vella, who said he was handling all inquiries.

First Progressive accounts are insured up to $100,000 by the FDIC, which was appointed receiver, Pickering said.

“The bank has had problems over many years involving several management groups,” Pickering said in a statement announcing the closing of the suburban New Orleans bank.

The failed institution, with assets totaling $37.7 million, was not a farm bank, Vella said.

He said it had roughly equal dollar amounts in commercial and real-estate loans outstanding, totaling about $28 million, when Pickering’s order came down.

“Management had made every effort to turn the bank around and to find a buyer or merger partner, but all efforts proved unsuccessful,” he said.

First Industrial is a newly chartered subsidiary of First National Corp. of Covington, said Bill Olcheski, FDIC spokesman in Washington. The new ownership will assume about $37.2 million in 8,200 deposit accounts and has agreed to pay the FDIC a purchase premium of $3.1 million, he said.

The new bank also will buy certain of the failed bank’s loans and other assets for $14.6 million, Olcheski said.

He said the FDIC is advancing $19.7 million to the bank and will hold onto the failed bank’s assets with a book value of about $23.1 million.

The FDIC expects to recover a substantial portion of its outlay by liquidating assets not transferred to the new bank, Olcheski said.

On Jan. 10, bad farm loans forced the closing of the Bank of Dixie in the northeastern Louisiana town of Lake Providence. The farm bank reopened a day later under new management as Louisiana Delta Bank.