Metropolitan Bank and Trust fails

By BOBBY LAMB

Advocate business writer

Metropolitan Bank and Trust Co. of Baton Rouge closed Friday under a burden of bad real estate loans and will be resurrected Monday as a branch of Whitney National Bank in New Orleans. Nearly four years to the day from its grand opening, Metropolitan is the first bank failure in Baton Rouge since the Great Depression, said state Banking Commissioner Kenneth E. Pickering. Whitney picked up the bank and its assets of $67 million from the Federal Deposit Insurance Corp. with a bid of $500,000. Just a month ago, Whitney acquired a failed Lafayette bank with $188.7 million in assets with a purchase premium of $5 million.

All Metropolitan customer deposits, including those in excess of the FDIC-insured limit of $100,000, are protected in the transfer of ownership to Whitney, said Pickering, who ordered the failed institution’s single location at 3617 S. Sherwood Forest Blvd. closed at 2 p.m. Depositors can write checks on their Metropolitan accounts and use automated teller machines over the weekend, Pickering said. Whitney will open the bank at 9 a.m. Monday with Metropolitan’s 30 employees, Pickering said.

Metropolitan had assets and deposits of $67 million each, according to a statement from Patrick A. Delaney, chairman and chief executive officer of Whitney. Pickering said Metropolitan had $54 million in outstanding loans.

“ They were insolvent with substantial loans past due and non-performing. It was a multitude of different kinds of loans. I guess you could classify a large amount of them as real estate loans,” he said.

Neither Pickering nor FDIC officials could pinpoint the amount of problem and uncollectable loans.

After going over the books, “we’re going to work on collecting them and write them off,” Pickering said.

Economic earthquake

Shakes banking industry

Friday, Metropolitan Bank and Trust Co. of Baton Rouge became the eighth bank to close in Louisiana during 1988.

As of Nov. 7, 1986, Metropolitan had assets and deposits of $67 million each, according to a statement from Patrick A. Delaney, chairman and chief executive officer of Whitney. Pickering said Metropolitan had $54 million in outstanding loans.

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see how uncollectible they are,” said
Mitch Doepky, closing manager for the
FDIC’s liquidation division, based in
Atlanta.

Metropolitan is the eighth bank to be
closed in Louisiana this year, Pickering
said. There have been 122 closures
nationwide, with six of those occurring
over the past two days.

“We would anticipate no other
problems that we are aware of in the
Baton Rouge metropolitan area.
Certainly, we anticipate no other
closures in the Baton Rouge area,”
Pickering said.

“In my opinion, the economy of the
state seems to be bottoming out. If so,
that is an excellent sign. Maybe we can
now look forward to some kind of
upturn in the economy, which will
help the banks and everybody else,” he
said.

According to Sheshunoff, an Austin,
Texas-based, private bank rating
service, Metropolitan had $81 million in
assets going into 1986. It reported
second-quarter assets of $71 million at
the end of June 1986. Loans totaled $57
million, of which 17.2 percent, or $9.7
million, were classified as non-
performing loans. The report showed a
second-quarter earnings loss of
$273,000.

During the first quarter of the year,
Metropolitan had $75 million in assets
and $64 million in loans, with about $9
million as either 90 days past due, no
longer accruing interest or
renegotiated. First-quarter earnings
totaled $143,000.

Locked doors, police guards and a
roadblock at the drive-in window met
bewildered customers as 65 briefcase-
toting liquidators from around the
FDIC’s southeastern region filed into
Metropolitan in the early afternoon.

The liquidators will pore over the
bank’s records through Tuesday or
Wednesday, said FDIC closing manager
Doepky. Several liquidators will remain
at the bank for about 5 months, he said.

The closure was of concern to many
customers showing up before
Metropolitan’s normal closing time of
5:30 p.m., despite posters that provided
assurances the bank likely would
reopen Monday under new ownership
with no effect on their funds. The closure
surprised them and caused
inconveniences.

“I work out of town. I need to get
some money for my weekly expenses,”
said Larry Savoy of Prairieville, a
sprinkler system installer. “I’m going to
have to call up my boss and see if I can
get some money for next week so I can
go out of town.”

“All my business money is in there. I
mailed out all my stuff — my business
bills. I came here to cover them (with a
deposit),” said Lamont Broussard of
Broussard’s of Baton Rouge.

Pickering had obtained a court order
Friday morning from the 19th Judicial
District Court to close Metropolitan.
Whitney’s bid was accepted by the FDIC
board in Atlanta after the closure, and
the acquisition received court approval
short time later.

Doepky said Whitney obtained
Metropolitan for a $500,000 purchase
premium, but did not know the details of
the purchase agreement. Whitney will
receive all cash, fixed assets, securities
portfolios and “good” loans and will
accept all deposit liabilities, he said.

“We start them off square with a
good bank,” he said.

In October, Whitney obtained
American Bank and Trust in Lafayette
(not associated with any other
American Bank in the state) for a $5
million purchase premium. The bank
has eight branches.

Whitney now has banking operations
in Orleans, Jefferson, Lafayette and
East Baton Rouge parishes. Its assets
exceed $2.5 billion.

“We’re pleased to be able to serve the
banking needs of the Baton Rouge area
and are confident that our entry in the
market will have a beneficial effect,” a
prepared statement from Delaney said.
He was unavailable for further
comment.

Raymond Kron Jr., president of
Metropolitan, would not comment at
the bank’s office.

In September, Kron told the Advocate
that Metropolitan had exhausted its
provisions for loan losses at the end of
March and had pumped $600,000 into
the fund. He attributed the bank’s
problems to the depressed economy,
particularly real estate and apartment
rental markets.

“We have a lot of folks who can’t pay
us,” he said then. “We’re trying to work
with our customers.”

Metropolitan opened its doors on Nov.
1, 1982, as Baton Rouge’s eighth bank,
built on capital stock of $4 million.

“Thanks a million... twenty-four
times,” it said in advertisements 14
months later when assets exceeded
$24.9 million at the end of 1983. Assets
totaled $48 million at the end of 1984
and peaked at $81 million for 1985.