New help now for risky ventures in Louisiana

Baton Rouge, La. (AP) - With the publication of final regulations in the Louisiana Register, a new type of financial institution is available to help state business ventures too risky for banks and traditional lenders.

The 1991 Legislature created Business and Industrial Development Corporations, or BIDCOs, to increase money available as investment.

The new type financial institution does not accept deposits. Rather, it invests in small businesses and lends money for ventures that could not get help from usual lenders.

"By its participation with the private sector, the state will create meaningful amounts of capital that can meet the higher-risk, long-term investment needs of small businesses," said Tracy Mandart, executive director of the Louisiana Economic Development Corp.

"That will result in stronger companies with better growth opportunities and employment needs," he said.

The LEDC is a division of the state Department of Economic Development, which administers a variety of programs to develop small and mid-sized businesses in the state.

The rules printed in the Dec. 20 register spell out how the LEDC will make investment decisions. The operation, based on a 1986 Michigan program, grew out of a $50,000 study during the Roemer administration.

So far, only three groups have applied for BIDCO licenses, although 13 requested license applications, officials said.

One is the Louisiana International BIDCO in New Orleans, owned by William F. Ryan, Jay K Capouch and Patrick A. Tesson, according to state records.

The company's proposal shows the type of investment request the state agency may expect to receive. Louisiana International BIDCO plans to target Louisiana companies that have the ability to export, with $7 million or less in annual sales and fewer than 20 employees, LEDC records show.

The group seeks the maximum matching fund available from LEDC, up to $2.5 million, for money it raises by the end of 1993. The company asked if it could get $1 million from LEDC when it raised $2 million privately. Subsequent amounts would come when the company raises additional amounts.

LEDC would receive annual dividends from its investment. It would sell its interest at a discount to BIDCO investors in the fifth year.