Regulators shut down 2 La. banks

By KATHERYN FLOURNOY
Advocate business writer

Two Louisiana banks - one with ties to Acadia State Bank in Baton Rouge - failed Thursday, both of them dragged down by bad real estate loans.

State regulators closed Orleans Bank & Trust Co. in New Orleans at 2 p.m. Two hours later, the U.S. Comptroller of the Currency shut down The National Bank of Bossier City in Bossier City.

Thursday’s action brought the number of banks closed in Louisiana in 12 days. The Bank of Benton collapsed Jan. 5, the first bank in Louisiana and in the nation to fail in 1989.

The failed Orleans bank shared the same top officers and at least three directors with Acadia State Bank, a $28-million asset bank that opened in 1986.

The president and chief executive officer of failed Orleans Bank was Allie Pogue, who also is president and CEO and a director of Acadia State Bank.

Telephone calls to Pogue’s Baton Rouge home rang unanswered Thursday evening.

Efforts to reach Kavanaugh were not successful, either. His office switchboard had closed for the day and a message was left with a woman who identified herself as Kavanaugh’s wife, but that call was not returned.

Adams and Reese is among the larger New Orleans law firms and is involved in banking law. It has hosted seminars for officers of financial institutions dealing with the legal liabilities faced by banks and savings and loans.

Another Orleans Bank director who also sits on the Acadia board is Carl Cleveland, also a New Orleans attorney, is a self-named “bank buster” who represents clients alleging claims against banks or thrifts.

Other members of the failed bank’s board were Sam LeBlanc, also a senior partner with Adams and Reese, and David Thibaut, according to the Federal Deposit Insurance Corp.

Orleans Bank’s sole office was to open Friday morning as a branch of Mississippi River Bank of Belle Chasse.

The chairman of Orleans was Joseph Kavanaugh, a senior partner with the New Orleans law firm of Adams and Reese, and who also is the chairman and a director of Acadia State Bank in Baton Rouge.

Telephone calls to Pogue’s Baton Rouge home rang unanswered.

Banks

CONTINUED FROM 1B

Amedee, a spokeswoman for state Commissioner of Financial Institutions Fred Dent.

Mississippi River Bank bought $3.9 million, or about 17 percent, of Orleans Bank’s assets at failure. The FDIC is retaining assets of the failed bank with a book value of about $18.1 million.

Mississippi River Bank will assume about $22.8 million in 1,700 deposit accounts.

Thursday’s second bank failure occurred at 4 p.m. when federal regulators shut the National Bank of Bossier City because the bank’s officers over-estimated the value of real estate loan collateral and did not adequately analyze the repayment ability of the bank’s borrowers before lending money, the OCC said.

The six branches of failed National Bank of Bossier City were to reopen Friday morning as branches of New Orleans-based Hibernia National Bank.

In this transaction, the FDIC kept $22.5 million of the failed bank’s assets and advanced $26.7 million to Hibernia.

Hibernia will assume about $79.6 million in 15,000 deposit accounts and will purchase about $35.4 million of National Bank of Bossier assets, including $6.8 million of smaller loans at a discount of $840,000.

Ironically, the bank’s failures came the same day a poll conducted by Capital City Press, the owner of this newspaper, was published, showing dropping confidence among consumers in Louisiana banks and other financial institutions.

According to the poll, 37 percent of respondents have less confidence than they did a few years ago. Forty-eight percent said they had the same confidence while 8 percent said they had more confidence. The group with the least amount of confidence consisted of people with higher incomes and more education.

Thursday’s failures were two of seven nationally. According to the FDIC, four banks failed in Texas and one failed in Oklahoma, also.