Two Louisiana banks closed
By The Associated Press
Regulators shut down banks at opposite ends of Louisiana on Thursday, bringing to three the number of state financial institutions declared insolvent in just the first 12 days of the new year.

Within a few hours after state officials closed the Orleans Bank and Trust Co. in New Orleans, federal officials announced the closure of the National Bank of Bossier City, 300 miles away in the northwest corner of Louisiana.

The Bank of Benton, a state-chartered bank in northwest Louisiana, became the state's first bank casualty last week.

The U.S. Comptroller of the Currency said National, with $77.9 million in assets, overestimated the value of real estate put up as collateral on loans and didn't sufficiently analyze borrowers' ability to repay.

Louisiana Commissioner of Financial Institutions Fred Dent also blamed an "unsatisfactory and unstable real estate market" in closing the state-chartered Orleans Bank.

The Federal Deposit Insurance Corp. granted $7 million to help MRB acquire Orleans Bank, FDIC officials said. MRB will assume about $22.8 million in Orleans Bank's 1,700 deposit accounts and will buy certain of the bank's loans and other assets for $15.9 million, the FDIC said.

The FDIC said it would retain $6.2 million of the failed bank's assets.

Hibernia will assume about $79.6 million of National's 15,000 deposit accounts and will buy about $55.4 million of the failed bank's assets, the FDIC said.

Both banks will reopen Friday under new ownership — Orleans as a branch of Mississippi River Bank, headquartered in Belle Chasse; the six branches of National of Bossier City as part of Hibernia National Bank, headquartered in New Orleans.

All accounts up to $100,000 are protected by federal insurance and few, if any depositors of the failed banks were expected to lose money.

Dent said every effort was made to recapitalize Orleans Bank or to merge it with another institution.