Two Louisiana banks fail

BATON ROUGE, La. (AP) - A Shreveport bank and one in Madisonville were shut down Thursday - the second and third to go under this year, said Commissioner of Financial Institutions Fred Dent.

Both United Mercantile Bank of Shreveport and Louisiana Commercial Bank of Madisonville were bought by New Orleans-area banks and will reopen Friday as branches of those banks, he said.

United Mercantile's six offices became part of Hibernia National Bank of New Orleans, and Louisiana Commercial's two offices in St. Tammany Parish are now part of Pontchartrain State Bank of Metairie.

Dent blamed both failures directly or indirectly on the state's economic troubles.

The energy depression and the prevailing real estate market caused United Mercantile's problems, he said. Dent said Louisiana Commercial failed because of the unsatisfactory and unstable real estate market, which he said was a direct result of the state's economic downturn over the past several years.

United Mercantile had $72 million in total assets, bringing Hibernia's total assets to more than $4.9 billion, Dent said.

Pontchartrain State has total assets of $144 million after buying Louisiana Commercial, which had $31 million in assets, he said.

Fourteen banks went under last year, with five of the failures in December.

Dent said attempts to recapitalize or arrange mergers for the banks were unsuccessful. The Federal Deposit Insurance Corp. insured accounts of both banks up to $100,000.