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{{5-31-93 p.C-536}}

[¶10,112] In the Matter of First Guaranty Bank, Hammond, Louisiana, Docket No. FDIC-90-146d (9/11/90).

Bank ordered to restore and maintain its total capital. (*This order was terminated by order of the FDIC dated 3-24-93; see ¶ 15,638.*)

[.1] Capital Directive—Restore and Maintain—Augment
{{12-31-90 p.C-537}}
In the Matter of

**FIRST GUARANTY BANK
HAMMOND, LOUISIANA
(Insured State Nonmember Bank)
CAPITAL DIRECTIVE ISSUED
PURSUANT TO 12 U.S.C. § 3907
FDIC-90-146d**

The Federal Deposit Insurance Corporation ("FDIC") has determined that First Guaranty Bank, Hammond, Louisiana ("Bank"), is engaging in an unsafe or unsound banking practice and/or is in an unsafe or unsound condition, as defined at section 325.4 of the FDIC Rules and Regulations, 12 C.F.R. § 325.4. The FDIC hereby issues this CAPITAL DIRECTIVE pursuant to the provisions of section 908 of the International Lending Supervision Act of 1983, 12 U.S.C. § 3907, and section 325.6 of the FDIC Rules and Regulations, 12 C.F.R. § 325.6.

Upon Analysis and review of information made available to the FDIC and the Bank's response to FDIC's NOTICE OF INTENT TO ISSUE DIRECTIVE TO RESTORE AND MAINTAIN CAPITAL and PRELIMINARY FINDINGS OF FACT AND CONCLUSIONS OF LAW and PROPOSAL TO ISSUE CAPITAL DIRECTIVE ("NOTICE OF INTENT TO ISSUE DIRECTIVE"), the FDIC finds and concludes as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Bank is a corporation existing and doing business under the laws of the State of Louisiana, having its principal place of business in Hammond, Louisiana. The Bank is and has been, at all times pertinent to this action, an insured State nonmember bank, subject to the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §§ 1811-1831k, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III, the International Lending Supervision Act of 1983, 12 U.S.C. §§ 3901-3912, and the laws of the State of Louisiana.

2. As of May 4, 1990:

- (a) The Bank's total assets, as defined in section 325.2(k) of the FDIC Rules and Regulations, 12 C.F.R. § 325.2(k), totaled \$52,684,000.
- (b) The Bank's total capital, as defined in section 325.2(1) of the FDIC Rules and Regulations, 12 C.F.R. § 325.2(1), totaled \$3,891,000, or 2.55 percent of total assets.
- (c) The Bank's, as defined in section 325.2(h) of the FDIC Rules and Regulations, 12 C.F.R. § 325.2(h), totaled \$3,891,000, or 2.55 percent of total assets.
- (d) The Bank's total deposits equaled \$144,888,000.

3. The Bank is engaging in an unsafe or unsound banking practice within the meaning of section 325.4(b) of the FDIC Rules and Regulations, 12 C.F.R. § 325.4(b), in that the Bank is operating with inadequate capital to support the quantity and quality of the assets in its portfolio, as demonstrated by the following data as of May 4, 1990:

- (a) The Bank held adversely classified assets in the amount of \$14,597,000, including \$790,000 in assets classified "Loss", and \$13,807,000 in assets classified as "Substandard".
- (b) Total classified assets represented 311.84 percent of the Bank's total equity capital and reserves of \$4,681,000.
- (c) Nonaccrual loans equaled \$3,196,000, and represented 3.19 percent of the Bank's total

loans.

(d) The Bank's allowance for loan and lease losses is inadequate to protect its depositors and other creditors:

- (i) The Bank's allowance for loan and lease losses was \$1,853,000; and
- (ii) The Bank's adversely classified loans represent 366.59 percent of its allowance for loan and lease losses.

4. The Bank's August 9, 1990, response to the NOTICE OF INTENT TO ISSUE DIRECTIVE does not contain any information, mitigating circumstance, documentation or other evidence to overcome the fact that it is operating with less than its minimum capital requirements.

5. Upon consideration of the facts recited in the paragraphs above, the FDIC has determined that the Bank has failed to maintain adequate capital, as required by section 908 of the International Lending Supervision Act of 1983, 12 U.S.C. § 3907, and sections 325.3 and 325.4 of the FDIC Rules [{{4-1-90 p.C-538}}](#) and Regulations, 12 C.F.R. §§ 325.3 and 325.4.

CAPITAL DIRECTIVE

After taking into consideration the FINDINGS OF FACT AND CONCLUSIONS OF LAW stated herein and contained in preliminary form in the NOTICE OF INTENT TO ISSUE DIRECTIVE and the written response of the Bank to the NOTICE OF INTENT TO ISSUE DIRECTIVE, it is hereby:

[.1] DIRECTED, that the Bank restore by December 31, 1991, and thereafter maintain its ratio of total capital to total assets at not less than 6.0 percent.

[.1] FURTHER DIRECTED, that the Bank shall enhance and augment its total capital by not less than \$4,700,000 by January 31, 1991.

FURTHER DIRECTED, that within 60 days of the receipt of this CAPITAL DIRECTIVE, the Bank shall submit a plan acceptable to the FDIC describing the means and timing by which the Bank shall achieve the required capital level.

FURTHER DIRECTED, that this CAPITAL DIRECTIVE shall become effective upon the date of its capital by the Bank.

Each provision of this CAPITAL DIRECTIVE shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Each provision of this CAPITAL DIRECTIVE shall remain effective and enforceable except to the extent that, and until such time as, any provision shall be modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Memphis, Tennessee, this 11th day of September, 1990.