



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 24, 1970

The Department of Justice today filed an antitrust suit to prevent The Wachovia Corporation of Winston-Salem, North Carolina, from acquiring American Credit Corporation, of Charlotte, North Carolina.

Attorney General John N. Mitchell said that the suit was filed in the United States District Court for the Western District of North Carolina, Charlotte, Division.

The suit claimed that the proposed acquisition would violate Section 7 of the Clayton Act (a) by eliminating actual and potential competition in retail automobile financing, other types of financing, and the sale of credit life insurance in North Carolina; (b) by eliminating Wachovia as a potential entrant into consumer lending and factoring and thus reducing the probability of deconcentration of these lines of commerce in North Carolina; (c) by discouraging actual and potential competition between American and other non-bank financial institutions in North Carolina; (d) by encouraging tying of various financial services to commercial and industrial loans and loans to non-bank financial institutions; and (e) by tending to

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trigger mergers by other banks and financial companies seeking to protect themselves from the impact of this merger.

The suit asked for a preliminary injunction to prevent any action in furtherance of the acquisition agreement pending final adjudication, and for a permanent injunction preventing Wachovia from acquiring American.

Assistant Attorney General Richard W. McLaren said that Wachovia, a one-bank holding company, has assets of approximately \$4 billion. Wachovia's principal subsidiary is the Wachovia Bank and Trust Company, N. A., the largest commercial bank in the State of North Carolina and the 39th largest bank in the nation.

Wachovia Bank operates 130 banking offices in 43 cities and towns in the State of North Carolina. With deposits of \$1.3 billion as of December 31, 1968, it held about 21 percent of the deposits held by commercial banks in North Carolina. It accounted for about 28 percent of all commercial and industrial loans, and for about 35 percent of all loans to non-bank financial institutions, made by North Carolina commercial banks.

American operates offices in 13 southeastern states, 90 of which are located in North Carolina. It operates through a network of subsidiaries which engage in consumer

lending, sales finance, factoring and commercial financing, and leasing.

American has total assets of approximately \$400 million and had net income for 1968 of approximately \$7 million.

Mr. McLaren explained that Wachovia and American both solicit retail automobile loans throughout North Carolina. At the end of 1968, of all automobile loans outstanding in North Carolina, Wachovia held the second largest share, or about 12 percent, and American held the seventh largest share, or about 4.5 percent.

Wachovia and American Credit also compete in the sale of credit life insurance in North Carolina, the complaint alleged. In 1969, Wachovia accounted for about 3 percent, and American accounted for 6.5 percent of the credit life insurance premiums written in North Carolina.

American is extensively engaged in making consumer loans in North Carolina. In 1968, American had the largest share, or about 13.5 percent of consumer loans made in North Carolina, including six major metropolitan areas in which total consumer loans exceeded \$10 million. American is also extensively engaged in factoring in North Carolina. In 1968, American had the second largest share, or over

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15 percent of the factoring market in that state.

The complaint said that Wachovia has the interest, resources, and capabilities to enter the factoring and consumer lending markets independently or by merger with a less substantial competitor than American.