



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, DECEMBER 2, 1970

The Department of Justice filed suit today to block the acquisition of The Security State Bank of Sterling, the largest bank in Logan County, Colorado, by the First National Bancorporation, Inc., Denver, the state's second largest banking organization.

Attorney General John N. Mitchell said the civil antitrust action was filed in the United States District Court in Denver. Under the Bank Merger Act of 1966, the suit halts the acquisition pending court action.

The complaint said the acquisition would violate Section 7 of the Clayton Act by eliminating potential competition between the two banks, by eliminating Bancorporation as a potential competitor in Logan County, and by eliminating the Sterling bank as a potential member of a new holding company capable of entering commercial banking in other areas in Colorado.

The suit further alleged that competition for correspondent bank services for the remaining independent banks in Logan County may be reduced and that banking resources in Colorado may be further concentrated, thereby enhancing the power of leading banking organizations in banking markets in which they operate.

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The acquisition may trigger similar acquisitions of leading local banks by the leading banking organizations in the state, the complaint said.

Assistant Attorney General Richard W. McLaren, head of the Antitrust Division, explained that Bancorporation controls four subsidiary banks which account for almost 15 percent of commercial bank deposits in Colorado. As of December 31, 1969, Bancorporation's subsidiary banks had combined total assets of about \$668 million, combined total deposits of about \$530 million, and combined total loans of more than \$374 million.

Security State Bank, with its sole office in Sterling, a city of 11,500 located approximately 123 miles northeast of Denver, had total deposits of about \$23 million and total loans of about \$16 million as of the same date.

The acquisition of the Sterling bank by Bancorporation was approved by a majority of the Board of Governors of the Federal Reserve Board on November 3, 1970.

Mr. McLaren noted that First National Bancorporation, which owns the largest bank in Denver, has been granted approval by the Board of Governors of the Federal Reserve Board to acquire a leading local bank in Greeley, Colorado. The Department of Justice filed suit to block consummation of that acquisition on July 8, 1970.

He said that First National Bancorporation has applied to the Federal Reserve Board for permission to acquire the second largest bank in Colorado Springs, Colorado, and has announced plans to acquire the second largest bank in Boulder, Colorado.