



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, APRIL 28, 1971

The Department of Justice filed suit today to block the acquisition of The Exchange National Bank of Colorado Springs, the second largest bank in El Paso County, Colorado, by 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 U.S. District Court in Denver. Under the Bank Merger Act of 1966, the suit halts the acquisition pending court action.

The suit 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 the Colorado Springs metropolitan area, and by eliminating Exchange National 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 the Colorado Springs metropolitan area 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 also 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 14 percent of commercial bank deposits in Colorado. As of December 31, 1970, Bancorporation's subsidiary banks had combined total deposits of about \$590 million.

Exchange National Bank, with its sole office in Colorado Springs, a city of 228,000 located approximately 70 miles southeast of Denver, had total deposits of about \$62 million. It is the largest bank in Colorado, outside of Denver, not affiliated with a multi-bank holding company.

The acquisition of Exchange National Bank by Bancorporation was approved by a majority of the Board of Governors of the Federal Reserve System on April 1, 1971.

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 System to acquire leading local banks in Greeley and Sterling, Colorado. The Department of Justice filed suits to block consummation of those acquisitions on July 8 and December 2, 1970 respectively.

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