



Department of Justice

File

FOR IMMEDIATE RELEASE
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AT

The Department of Justice filed a suit today challenging the proposed merger of Bank of Granite, Granite Falls, North Carolina, into Wachovia Bank and Trust Company, N.A., a subsidiary of The Wachovia Corporation of Winston-Salem, North Carolina. All three companies are named as defendants.

Attorney General Richard G. Kleindienst said that the civil antitrust action was filed in the U.S. District Court in Asheville, North Carolina.

Under the Bank Merger Act of 1966, the suit automatically prevents the consolidation pending final court action. The complaint alleged that the merger would violate Section 7 of the Clayton Act by eliminating existing and potential competition between the merging commercial banks in a commercial center of west central North Carolina designated as the Western Urban Complex. The Western Urban Complex is an area comprised of those portions of Caldwell, Catawba, Burke, and Alexander counties generally bounded by the communities of Lenoir, Morganton, Hickory, Newton, and Taylorsville.

Assistant Attorney General Thomas E. Kauper, head of the Antitrust Division, said that Wachovia and Granite Bank hold the third and fifth largest shares of commercial bank deposits in the Western Urban Complex with about 9 percent and 5.6 percent, respectively.

OVER

The suit also alleges that the merger would increase the concentration of banking resources in the Western Urban Complex and foster additional bank mergers in North Carolina.

The complaint further alleges that the merger would eliminate existing and potential competition in automobile financing and consumer lending in Caldwell and Catawba counties and the Western Urban Complex. In addition to Wachovia and Granite Bank, the Wachovia Corporation subsidiary, American Credit Corporation, is also engaged in consumer lending including loans on the security of automobiles in the area.

The suit asked that the proposed merger be declared unlawful, and that the defendants be enjoined from carrying out any such merger or consolidation.