



# Department of Justice

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The Department of Justice today filed a civil antitrust suit charging the California Automated Clearing House Association with unlawfully restricting access to its facilities.

Attorney General Griffin B. Bell said the complaint, charging a violation of Section 1 of the Sherman Act, was filed in U. S. District Court in Los Angeles.

The association operates an automated clearing house to clear bank transactions for its members.

Assistant Attorney General Donald I. Baker, in charge of the Antitrust Division, said the suit, similar to one filed last month in Denver against the Rocky Mountain Automated Clearing House Association, challenges the provisions of the bylaws and articles of incorporation of the association that prevent thrift institutions, such as credit unions, savings and loan associations, mutual savings banks, and industrial banks, from becoming members or gaining direct access to its facilities.

Organized in 1972, the California association is made up of over 160 member banks. The complaint states that its member banks hold approximately 90 percent of the commercial bank assets in California.

(MORE)

An automated clearing house is a computer facility. It receives paperless entries from its participating institutions, sorting them, and then forwards related clearing information to the Federal Reserve System for settlement.

Although an automated clearing house is functionally equivalent to a traditional check clearing operation, its electronic technology permits a broader range of services to be provided.

The association has the capacity to accept both credit and debit items for processing. Consequently, its members can offer their customers a wide range of services, including direct payroll deposit programs, automated mortgage and bill paying plans, automated dividend deposit programs, and a variety of monthly income plans.

Such services require use of an automated clearing house for economical and efficient processing.

According to the complaint, the association's membership and access restrictions restrain the ability of thrift institutions to compete with members in providing electronic funds transfer services to their customers.

The complaint asks that the association be ordered to grant to thrift institutions membership status and direct access to its facilities on terms equal to those offered to its commercial bank members.