



Department of Justice

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AT
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The Department of Justice today filed a civil antitrust suit to block the proposed merger of two commercial banks in Virginia.

The banks are Virginia National Bank, a subsidiary of Virginia National Bankshares, Inc., of Norfolk, Virginia, and First State Bank of Wise, of Wise, Virginia.

Attorney General William French Smith said the suit was filed in U.S. District Court in Roanoke.

The Comptroller of the Currency approved the merger on January 28, 1982. Under the Bank Merger Act of 1966, the Department of Justice has 30 days to file suit to enjoin the merger. Such a suit automatically stays the merger pending final court action.

William F. Baxter, Assistant Attorney General in charge of the Antitrust Division, said Virginia Bankshares is the second largest commercial banking organization in Virginia. Its subsidiary, Virginia National Bank, operates two offices in Wise County. Virginia National Bank is the fourth largest depository institution in the county, with 10.1 percent of the total deposits held by depository institutions in the county.

First State Bank of Wise also operates two offices in Wise County and ranks third with 18.2 percent of total deposits in the county.

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The complaint alleges that the merger would violate Section 7 of the Clayton Act by eliminating direct competition between the two banks in Wise County, and by increasing concentration. According to the complaint, banking in Wise County is highly concentrated, as measured by total deposits in the offices of the county's four largest depository institutions. On June 30, 1981, the four largest depository institutions with offices in the county held total combined deposits of \$271.1 million, 81.3 percent of the county's total deposits. Finally, the complaint alleges that competition generally in banking in Wise County might be substantially lessened.

The suit asks that the proposed merger be declared illegal and that the defendants be enjoined from carrying out any merger or consolidation.

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