



Department of Justice

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**JUSTICE DEPARTMENT FILES SUIT TO CHALLENGE ACQUISITION OF
FIRST INTERSTATE OF HAWAII INC. BY FIRST HAWAIIAN INC.**

WASHINGTON, D.C. -- The Department of Justice filed today a civil antitrust suit challenging the proposed acquisition of First Interstate of Hawaii, Inc., of Honolulu, Hawaii, by First Hawaiian, Inc. of Honolulu, Hawaii. The proposed merger received approval of the Federal Reserve Board on November 30, 1990.

First Hawaiian proposes to acquire all of the outstanding shares of First Interstate on December 30, 1990 for approximately \$140 million. The suit, filed in U.S. District Court in Honolulu, Hawaii, alleges that the proposed acquisition violates Section 7 of the Clayton Act in the provision of business banking services in five geographic markets in Hawaii -- Honolulu County; East Hawaii; West Hawaii; Kauai; and Maui.

Business banking services are services, such as checking accounts and loans, offered to business customers. Both First Hawaiian and First Interstate compete in providing business banking services.

First Hawaiian is the second largest banking organization in the state, as measured by total deposits and assets. As of June 30, 1990, First Hawaiian had total assets of \$5.5 billion and had total deposits of \$5 billion representing approximately 32.3% of

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total deposits in commercial banking organizations in the State of Hawaii.

First Interstate is the fourth largest commercial banking organization in the state. As of June 30, 1990, First Interstate had total assets of \$858.2 million and total deposits of \$770.9 million, representing approximately 5.6% of total deposits in commercial banking organizations in Hawaii.

Business banking services are highly concentrated. In Honolulu County, for example, based on total bank deposits, the Herfindahl-Hirschman Index (HHI), a measure of market concentration, would increase by 327 to 3086. The Justice Department's Merger Guidelines state that when the post-merger HHI is over 1800, the Department is likely to challenge mergers that increase the HHI by more than 50 points.

James F. Rill, Assistant Attorney General in charge of the Antitrust Division said, "This acquisition will hurt the many small to medium-sized businesses in Hawaii. The acquisition will eliminate one of only a few banks serving those customers and will likely result in them paying higher prices for services."

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