

file

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

UNITED STATES OF AMERICA,)
)
)
Plaintiff,)
) Civil Action No. 72-830
)
v.)
) Filed: July 11, 1972
)
BANKERS TRUST OF SOUTH)
CAROLINA; and)
THE PEOPLES NATIONAL BANK,)
)
)
Defendants.)

COMPLAINT

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above-named defendants and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and this action is instituted under Section 15 of the Act of Congress of October 15, 1914, as amended (15 U.S.C. § 25), commonly known as the Clayton Act, in order to prevent and restrain the violation by the defendants, as hereinafter alleged, of Section 7 of the Clayton Act, as amended.

2. Each of the defendants has its principal place of business, transacts business, and is found within the District of South Carolina.

II

THE DEFENDANTS

3. Bankers Trust of South Carolina (hereinafter referred to as "Bankers Trust") is made a defendant herein. Bankers Trust is a banking association organized under the laws of the State of South Carolina and maintains its principal place of business in Columbia, Richland County, South Carolina.

4. The Peoples National Bank (hereinafter referred to as "Peoples Bank") is made a defendant herein. Peoples Bank is a banking association organized under the laws of the United States and maintains its principal place of business in Greenville, Greenville County, South Carolina.

III

TRADE AND COMMERCE

5. Commercial banks fill an essential and unique role in the nation's economy. Their principal functions are the acceptance of deposits for safekeeping and convenience in making payments by check, the granting of loans or advances of funds to individuals and business firms, and the creation through demand deposits of net additions to the supply of money. Most money payments in the United States are made through checks drawn against demand deposits, and the creation and holding of such deposits is a function peculiar to commercial banks and one which makes them to a great extent the administrators of the nation's check payment system. Through the making of loans to individuals and businesses, commercial banks supply a significant part of the credit requirements of the nation's economy. Commercial banks also accept time deposits from various types of depositors and provide a

wide variety of other financial services, including personal and corporate trust accounts, the collection of drafts, bills, and other commercial instruments, the acceptance of bills of exchange, the issuance of letters of credit, the sale of cashier's checks and drafts on correspondent banks, the purchase or sale of securities for customers, the sale of foreign exchange, and the renting of safety deposit boxes. This combination of services is unduplicated by other financial institutions.

6. Commercial and industrial loans are loans made by commercial banks to business enterprises for commercial and industrial purposes, secured and unsecured, except those secured by real estate. Such loans serve an important function. Small and intermediate-sized businesses are dependent on commercial banks for loans with which to organize and conduct their business operations. No other financial institution offers a reasonable alternative to such bank loans for these borrowers. Bankers Trust and Peoples Bank both are significant sources of commercial and industrial loans to small and intermediate-sized businesses, particularly textile firms, located in the northwestern Piedmont area of South Carolina.

7. Customers of Bankers Trust and of Peoples Bank have regularly utilized interstate communications, including the mails, telephone and telegraph to carry on their business with, apply for, and obtain the services provided by these banks. Bankers Trust and Peoples Bank have regularly utilized interstate communications, including the mails, telephone and telegraph, to conduct business with customers and with other banks located in

states other than South Carolina. Bankers Trust and Peoples Bank are engaged in interstate commerce.

8. Bankers Trust was organized in 1886. It operates its head office and 7 branches in Columbia, Richland County, South Carolina and a total of 43 other offices in 13 counties in South Carolina. It has approval to open 3 additional offices and has applied to open a fourth. As of December 31, 1971, Bankers Trust had total assets of \$266.6 million, total deposits of \$233.1 million, and total loans of \$142.6 million.

9. Peoples Bank was organized in 1887. It operates its head office and 10 branches in the City of Greenville, Greenville County, South Carolina and a total of 7 other offices, including 4 in Greenville County, 2 in Oconee County and 1 in Spartanburg County, South Carolina. As of December 31, 1971, Peoples Bank had total assets of \$116.9 million, total deposits of \$102.8 million, and total loans of \$61.7 million.

10. Greenville County is located in the northwestern corner of South Carolina. In 1970 it had a population of 240,774, and is the state's second most populous county. It is located at the southern terminus of an area known as the Piedmont Industrial Crescent. Manufacturing, particularly textile and allied industries, is the most economically significant activity in the area. Greenville County has experienced significant growth in recent years, both in population and industrial activity.

11. The City of Greenville is the commercial center of Greenville County. Its population in 1970 was 61,436. It is the third largest city in South Carolina.

The Greenville Standard Metropolitan Statistical Area ("Greenville SMSA") comprises Greenville County and adjoining Pickens County to the west. In the last decade both Greenville and the Greenville SMSA have experienced substantial economic and population growth.

12. Commercial banking in Greenville County is highly concentrated. As of June 30, 1971, there were 7 commercial banks operating in the county. The 2 largest banks held about 62.9 percent and the 4 largest 88.2 percent, of the total deposits held by commercial banks conducting business in Greenville County. Peoples Bank is the largest bank headquartered in Greenville County; as of June 30, 1971, it held about 28.6 percent, or the second largest share, of the total deposits held by commercial banks conducting business in the county.

13. Commercial banking in the Greenville SMSA is also highly concentrated. As of June 30, 1971, there were 11 commercial banks operating in the Greenville SMSA. The 2 largest held about 57.7 percent, and the 4 largest 79.8 percent, of total deposits held by commercial banks conducting business in the Greenville SMSA. As of June 30, 1971, Peoples Bank held about 25.1 percent, or the second largest share, of the total deposits held by commercial banks conducting business in the Greenville SMSA. Bankers Trust has 2 offices in Pickens County, which is part of the Greenville SMSA.

14. Bankers Trust and Peoples are the fourth and sixth largest commercial banks in South Carolina, respectively. Only 7 of the 95 banks in the state hold total

deposits in excess of \$100 million. Of these 7 leading banks only 2, including Peoples, do not operate offices throughout most of the state.

15. Three of the 7 large banks in South Carolina do not presently operate in Greenville County. Bankers Trust is the second largest of these 3 and is not significantly smaller than the largest. Bankers Trust has the resources and incentive to expand in the Greenville SMSA and to enter Greenville County. Bankers Trust is one of the most significant potential entrants into these areas.

IV

VIOLATION ALLEGED

16. Defendants Bankers Trust and Peoples Bank entered into agreements on or before January 13, 1972 under which the 2 banks will be consolidated under the charter of Peoples Bank.

17. The effect of the consolidation described in paragraph 16 above may be substantially to lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) existing competition between Bankers Trust and Peoples Bank in commercial banking in the Greenville SMSA will be permanently eliminated;

(b) existing competition between Bankers Trust and Peoples Bank in making commercial and industrial loans to small and intermediate-sized businesses in the northwestern Piedmont area of South Carolina will be permanently eliminated, and concentration in supplying such loans will be significantly increased.

(c) potential competition between Bankers Trust and Peoples Bank in commercial banking in Greenville County and the Greenville SMSA will be permanently eliminated;

(d) Bankers Trust will be eliminated as a significant potential entrant into commercial banking in Greenville County and the Greenville SMSA, either through chartering a new bank or acquiring a small existing competitor;

(e) potential competition will be reduced by the elimination of Peoples Bank as a potential statewide banking competitor;

(f) Bankers Trust and Peoples Bank would each be eliminated as a potential entrant into banking markets served by the other;

(g) this acquisition may trigger similar acquisitions of leading local banks by the leading banking organizations in South Carolina, thereby causing various further anticompetitive effects of the type alleged herein;

(h) potential competition in commercial banking may be reduced by the continuation of a trend of acquisitions by leading banks in South Carolina of smaller banks with substantial positions in markets throughout many parts of the state, thereby reducing diversity in banking choices and promoting parallel policies among leading banks in local markets and throughout the state; and

(i) banking resources in the State of South Carolina may be further concentrated in the leading banks in the state, thereby enhancing the power of those banks in the banking markets in which they operate.

PRAYER

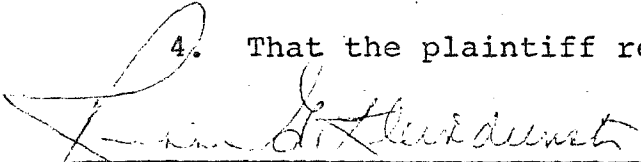
WHEREFORE, plaintiff prays:


1. That the agreements described in paragraph 16 of this complaint be adjudged to be unlawful, in violation of Section 7 of the Clayton Act.


2. That defendants and all persons acting on their behalf be enjoined from carrying out the aforesaid acquisition agreements, or any similar plans or agreements, the effect of which would be to merge, consolidate, or in any other way combine the businesses of said defendants.

3. That the plaintiff have such other and further relief as the Court may deem just and proper.

4. That the plaintiff recover the costs of this action.

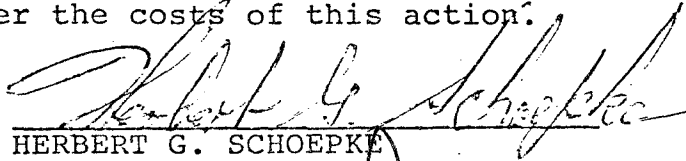

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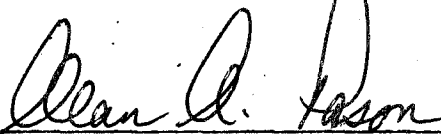

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