

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

COUNTY NATIONAL BANCORPORATION
and BIG BEND BANK,

Defendants.

CIVIL ACTION NO. 72 C 219 (1)

Filed: April 7, 1972

Equitable Relief Sought

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, c. 323, 38 Stat. 736, 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, 38 Stat. 731, as amended (15 U.S.C. § 18).

2. Each of the defendants has its principal place of business, transacts business and is found within the Eastern District of Missouri, Eastern Division.

II

THE DEFENDANTS

3. County National Bancorporation ("CNB") is made a defendant herein. CNB is a registered bank holding company organized under the laws of the State of Missouri and maintains its principal place of business in Clayton, St. Louis County, Missouri.

4. Big Bend Bank ("Big Bend") is made a defendant herein. Big Bend is a banking association organized under the laws of the State of Missouri and maintains its principal place of business in Webster Groves, St. Louis County, Missouri.

III

DEFINITION

5. As used herein, the term "east central St. Louis County" means the St. Louis, Missouri, suburbs of Clayton, University City, Olivette, Ladue, Creve Coeur, Richmond Heights, Webster Groves, Kirkwood, Brentwood, Ballwin, Town and Country, Affton, Maplewood, Overland, and Crestwood.

IV

TRADE AND COMMERCE

6. Commercial banks perform 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 of net additions to the supply of money through demand deposits. Most money payments in the United States are made through checks drawn against demand deposits. The creation and holding

of such deposits is a function peculiar to commercial banks, and by virtue of this function, banks administer the nation's check payment system. By making loans to individuals and businesses, commercial banks supply a significant portion of the credit requirements of the nation's economy. Commercial banks also accept time deposits from several classes 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 rental of safety deposit boxes. This combination of services is unduplicated by other financial institutions.

7. Customers of CNB's subsidiary bank and of Big Bend have regularly used interstate communications, including the mails, telephone and telegraph, to carry on their business with, apply for, and obtain the services provided by these banks. CNB's subsidiary bank and Big Bend have regularly used interstate communications, including the mails, telephone and telegraph, to conduct business with customers and with other banks located in states other than Missouri. CNB and Big Bend are each engaged in interstate commerce.

8. CNB's sole subsidiary is St. Louis County National Bank ("County National"), Clayton, St. Louis County, Missouri. County National was the first bank to be formed in St. Louis County, being organized in 1890. County National is the

largest of 17 commercial banks located in east central St. Louis County. As of December 31, 1970, County National had total assets of \$248,700,000, total deposits of \$229,600,000, and loans of \$85,300,000. County National's deposits represented 32 percent of the total of all deposits held by commercial banks in east central St. Louis County. County National is the dominant bank in this market. Because Missouri law does not allow branch banking, County National conducts its entire business from its office in Clayton, Missouri.

9. Big Bend was organized in 1955. As of December 31, 1970, Big Bend had total assets of \$22,800,000, total deposits of \$20,600,000, and loans of \$10,900,000. Its deposits represented about 3 percent of the total of all deposits held by commercial banks in east central St. Louis County. Big Bend's sole banking office is located in Webster Groves, Missouri.

10. County National and Big Bend are located 5.5 miles apart in east central St. Louis County. Because of this proximity, the service areas of the two banks overlap to a significant extent. County National derives a substantial amount of its total loans and deposits from Big Bend's primary service area. Big Bend derives a substantial amount of its total loans and deposits from County National's primary service area. Both banks draw a substantial portion of their deposits and loans from the same areas in east central St. Louis County. The predominant share of the business of both County National and Big Bend is derived from sources in east central St. Louis

County. County National and Big Bend direct compete in this area with each other and with other commercial banks having offices in east central St. Louis County in offering and performing commercial banking services.

11. The predominant share of the deposits held by banks located in east central St. Louis County is derived from that area. Commercial banking in east central St. Louis County is highly concentrated. As of December 31, 1970, banking organizations holding the four largest shares accounted for approximately 60 percent of total deposits held by commercial bank offices in east central St. Louis County, and the eight largest accounted for approximately 80 percent of such deposits. If the proposed acquisition is consummated, CNB's share of deposits held by offices of banking organizations operating in east central St. Louis County will increase from 32 percent to 35 percent, the shares of the four largest banking organizations with offices there will increase to approximately 63 percent of such deposits, and the share of the eight largest will increase to approximately 83 percent of such deposits. County National will remain the largest commercial bank in the market area, and CNB's dominant position there will be entrenched.

V

OFFENSE ALLEGED .

12. Defendants CNB and Big Bend entered into an agreement on June 17, 1971, which, if carried out, will result in a plan of reorganization whereby CNB will acquire not less than 90 percent of the shares of stock of Big Bend from its shareholders in exchange for a portion of the voting common stock of CNB. The Board of Governors of the Federal Reserve System issued an order approving the proposed acquisition on March 9, 1972.

13. The effect of the acquisition by CNB of Big Bend, pursuant to the agreement described in paragraph 12 above, will be to place Big Bend and County National under common control, which, in turn, may substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act in the following ways, among others:

- (a) actual competition and the potential for increased competition between CNB's present subsidiary, County National, and Big Bend will be permanently eliminated;
- (b) actual competition and the potential for increased competition generally in commercial banking in east central St. Louis County will be substantially lessened;
- (c) County National will be entrenched in its dominant position in east central St. Louis County; and
- (d) concentration in commercial banking in east central St. Louis County will be substantially increased.

14. The offense alleged in this complaint will be carried out and will continue unless the relief hereinafter prayed for is granted.

PRAYER

WHEREFORE, the plaintiff prays:

1. That the aforementioned acquisition by CNB of Big Bend pursuant to the agreement described in paragraph 12 of this complaint be adjudged unlawful, in violation of Section 7 of the Clayton Act.

2. That the defendants CNB and Big Bend and all persons acting on their behalf be enjoined from carrying out the aforesaid acquisition or any similar plan or agreement, the effect of which would be to merge, consolidate or in any other way combine the businesses of Big Bend and CNB's present subsidiary, County National.

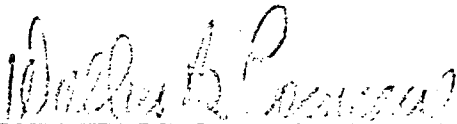
3. That the plaintiff have such other and further relief as the court may deem just and proper.

4. That plaintiff recover the costs of this action.



RICHARD G. KLEINDIENST
Acting Attorney General

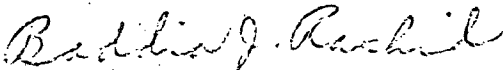
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