

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,
Plaintiff,

v.

MICHIGAN NATIONAL CORPORATION,
MICHIGAN NATIONAL BANK, CENTRAL
BANK, N.A. and C. BANK, NATIONAL
ASSOCIATION,

Defendants.

CIVIL ACTION NO. 4-71883

FILED: June 13, 1974

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 (15 U.S.C. §25), as amended, 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 (15 U.S.C. §18), as amended.

2. Michigan National Corporation and Michigan National Bank transact business, maintain offices and may be found within the Eastern District of Michigan.

II

THE DEFENDANTS

3. Michigan National Corporation is made a defendant herein. Michigan National Corporation is a multibank holding corporation organized under the laws of the State of Delaware with its principal place of business in Bloomfield Hills, Oakland County, Michigan.

4. Michigan National Bank (hereinafter referred to as "Michigan National") is made a defendant herein. Michigan National is a subsidiary of Michigan National Corporation and a national banking association organized under the laws of the United States with its principal place of business in Lansing, Ingham County, Michigan.

5. Central Bank, N.A. (hereinafter referred to as "Central Bank") is made a defendant herein. Central Bank is a national banking association organized under the laws of the United States with its principal place of business in Grand Rapids, Kent County, Michigan.

6. C. Bank, National Association (hereinafter referred to as "C. Bank") is made a defendant herein. C. Bank is a national banking association, newly organized under the laws of the United States with its principal place of business in Grand Rapids, Kent County, Michigan. C. Bank is a non-operating institution, organized solely to merge with Central Bank.

7. Michigan National Bank, Central Bank and Michigan National Corporation, through its subsidiary banks, are engaged in commercial banking.

III

TRADE AND COMMERCE

8. Commercial banks provide a combination of financial services unduplicated by other institutions. Among these services are the acceptance of deposits for safekeeping and convenience in making payments by check, the granting of loans to individuals and businesses, the renting of safety deposit boxes, the sale of cashier's checks and the collection of drafts, bills and other commercial instruments. Demand deposits are a unique function of commercial banks and fill an essential role in the national economy by creating net additions to the nation's supply of money.

9. Michigan National Corporation is the third largest commercial banking organization in the State of Michigan. As of December 30, 1972, its five subsidiary banks had total assets of \$2.67 billion, total deposits of \$2.38 billion, total loans and discounts of \$1.75 billion and controlled 9.5 percent of all commercial bank deposits in the State of Michigan.

10. Michigan National was organized in 1934 and is Michigan National Corporation's "lead" bank. It operates a branch office in Grand Rapids, Kent County, Michigan, in the Grand Rapids Standard Metropolitan Statistical Area ("SMSA") and 28 additional offices elsewhere in the State of Michigan. As of December 30, 1972, Michigan National had total assets of \$1.44 billion, total deposits of \$1.29 billion, total loans and discounts of \$921.4 million and was the fourth largest bank in the State of

Michigan, the largest bank outside the Detroit metropolitan area, and the 55th largest bank in the United States.

11. Central Bank was organized in 1934. It operates its headquarters office and eight branch offices in Grand Rapids and Kentwood, Kent County, Michigan, in the Grand Rapids SMSA. As of December 30, 1972, Central Bank had total assets of \$49.0 million, total deposits of \$42.9 million, and total loans and discounts of \$27.9 million.

12. Commercial banking in Kent County and in the Grand Rapids SMSA is highly concentrated. As of June 30, 1972, the four largest commercial banking organizations in Kent County controlled 92.5 percent of total county commercial bank deposits and the four largest commercial banking organizations in the Grand Rapids SMSA controlled 79.6 percent of total SMSA commercial bank deposits.

13. Michigan National Corporation, through its subsidiary Michigan National, and Central Bank engage in substantial competition in commercial banking in Kent County and throughout the Grand Rapids SMSA. Michigan National is the third largest bank in Kent County and in the Grand Rapids SMSA. Central Bank is the fourth largest commercial bank in Kent County and the seventh largest in the Grand Rapids SMSA.

14. As of June 30, 1972, Michigan National held 17.7 percent of commercial bank deposits in Kent County, and Central Bank held 3.2 percent, for a combined total of 20.9 percent. As of June 30, 1972, Michigan National held 14.6 percent of commercial bank deposits in the Grand Rapids SMSA and Central Bank held 2.6 percent of such deposits, for a combined total of 17.2 percent.

15. Michigan National Corporation, Michigan National and Central 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 Michigan. Customers of Michigan National Corporation, Michigan National and Central Bank have regularly utilized interstate communications, including mails, telephone and telegraph, to conduct business with, apply for, and obtain the services provided by defendants. Michigan National Corporation, Michigan National and Central Bank are engaged in interstate commerce.

IV

VIOLATION ALLEGED

16. Defendants have entered into agreements which, if consummated, will result in the acquisition by Michigan National Corporation of 100 percent (less directors' qualifying shares) of the stock of the successor to the merger of Central Bank and C. Bank.

17. Sometime prior to March 1973 C. Bank was created to facilitate the acquisition of Central Bank by Michigan National Corporation. In March 1973 Michigan National Corporation applied to the Board of Governors of the Federal Reserve System for approval to acquire the successor to the merger of Central Bank and C. Bank. On October 18, 1973 the Board of Governors of the Federal Reserve System issued an order approving the proposed acquisition. On May 16, 1974 the Comptroller of the Currency issued an order approving the merger of Central Bank and C. Bank.

18. The effect of the aforesaid merger of Central Bank and C. Bank and the acquisition of the successor of that merger by Michigan National Corporation may be

substantially to lessen competition or to tend to create a monopoly in the aforesaid interstate trade and commerce in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) Existing competition and the potential for increased competition between Michigan National and Central Bank in commercial banking will be eliminated;

(b) concentration in commercial banking in the Grand Rapids SMSA and portions thereof, including Kent County, will be substantially increased;

(c) competition generally in commercial banking in the Grand Rapids SMSA and portions thereof, including Kent County, may be substantially lessened.

PRAYER

WHEREFORE, plaintiff prays:

1. That the merger and acquisition of the successor of that merger described in paragraph 16 of this Complaint be adjudged to be a violation of Section 7 of the Clayton Act.

2. That pursuant to Section 15 of the Clayton Act the Court order summons to be issued to Central Bank, N.A. and C. Bank, National Association, commanding them to appear and answer the allegations contained in this Complaint, and to abide by and perform such orders and decrees as this Court may make in the premises.

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

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

5. That the plaintiff recover the cost of this action.

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