

UNITED STATES DISTRICT COURT  
DISTRICT OF VERMONT

UNITED STATES OF AMERICA,  
Plaintiff,

v.

THE MERCHANTS NATIONAL BANK  
OF BURLINGTON and MONTPELIER  
NATIONAL BANK

Defendants.

CIVIL ACTION NO. 73-336

FILED: November 29, 1973

COMPLAINT

The United States of America, plaintiff, by its attorneys, acting under the direction of the Acting 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 (15 U.S.C. §18), as amended.

2. Each of the defendants has its principal place of business, transacts business, and may be found within the District of Vermont.

II

THE DEFENDANTS

3. The Merchants National Bank of Burlington (hereinafter referred to as "Merchants Bank") is made a defendant herein. Merchants Bank is a banking association organized

and existing under the laws of the United States and maintains its principal place of business in Burlington, Chittenden County, Vermont.

4. Montpelier National Bank (hereinafter referred to as "Montpelier National") is made a defendant herein.

Montpelier National is a banking association organized and existing under the laws of the United States and maintains its principal place of business in Montpelier, Washington County, Vermont.

5. Defendants Merchants Bank and Montpelier National are engaged in commercial banking.

### III

#### DEFINITIONS

6. As used herein, the term "Montpelier-Barre" means the cities of Montpelier, Washington County, Vermont and Barre, Washington County, Vermont, and their environs.

### IV

#### TRADE AND COMMERCE

7. 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.

8. Merchants Bank was organized in 1849. It operates its head office and one branch in the City of Burlington, Vermont and branches in Barre, Bristol, Essex Junction, Northfield and South Burlington, Vermont. As of December 31, 1972, Merchants Bank had total assets of \$64.6 million, total deposits of \$57.7 million and total loans of \$46 million. Merchants Bank has acquired \$18.5 million in deposits through three mergers since 1969.

9. Montpelier National was organized in 1824. It operates its head office in Montpelier and one branch in Berlin, Washington County, Vermont. As of December 31, 1972, Montpelier National had total assets of \$35.7 million, total deposits of \$32.6 million and total loans of \$22.7 million.

10. The City of Montpelier (population 9,102) is the state capital and Barre (population 16,546) is the third largest city in Vermont. Both cities are located in Washington County approximately seven miles distant from one another. Because of the proximity in mileage and in economic ties that result in a considerable amount of commuting between these cities, Montpelier and Barre are considered to be "twin cities" and are regarded as a single economic entity.

11. Commercial banking in Montpelier-Barre is highly concentrated. As of June 30, 1972, of the six banks with offices in Montpelier-Barre the three largest held 65.1 percent of total deposits. Montpelier National is the second largest bank in Montpelier-Barre with 21.2 percent of total deposits and Merchants Bank is the sixth largest with 8.3 percent of total deposits, for a combined total of 29.5 percent.

12. Commercial banking in Washington County is also highly concentrated. As of June 30, 1972, of the eight banks with offices in the county the three largest held 57 percent of total county deposits. Montpelier National is the second largest bank in the county with 18.6 percent of total deposits and Merchants Bank is the fifth largest with 10.4 percent of total deposits for a combined total of 29 percent.

13. Merchants Bank and Montpelier National are each substantial competitors in commercial banking in Montpelier-Barre and in Washington County. The defendant banks directly compete with each other and with other commercial banks with offices in Montpelier-Barre and in Washington County in offering and performing commercial banking services.

14. Customers of Merchants Bank and Montpelier National 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. Merchants Bank and Montpelier National 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 Vermont. Merchants Bank and Montpelier National are each engaged in interstate commerce.

V

VIOLATION ALLEGED

15. Defendants Merchants Bank and Montpelier National entered into an agreement on or before May 17, 1973, which, if carried out, will result in the merger of Montpelier National into Merchants Bank. The Comptroller of the Currency granted approval of the proposed merger of the defendants on November 1, 1973.

16. The effect of the merger described in Paragraph 15 above may be substantially to lessen competition or 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 Merchants Bank and Montpelier National in Montpelier-Barre and in Washington County will be permanently eliminated;

(b) concentration in commercial banking in Montpelier-Barre and in Washington County will be substantially increased; and

(c) competition generally in commercial banking in Montpelier-Barre and in Washington County may be substantially lessened.

PRAYER

WHEREFORE, plaintiff prays:

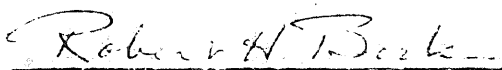
1. That the merger described in Paragraph 15 of this complaint be adjudged to be in violation of Section 7 of the Clayton Act.

2. That the defendants and all persons acting on their behalf be enjoined from carrying out the aforesaid agreement of merger or any similar plan or agreement 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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