

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,
Plaintiff,
v.
MICHIGAN NATIONAL CORPORATION,
MICHIGAN NATIONAL BANK and
FIRST NATIONAL BANK OF EAST
LANSING,
Defendants.

CIVIL ACTION NO. 4-70667

FILED: Nov. 14, 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 (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 multi-bank 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. First National Bank of East Lansing (hereinafter referred to as "East Lansing Bank") is made a defendant herein. East Lansing Bank is a national banking association organized under the laws of the United States with its principal place of business in East Lansing, Ingham County, Michigan.

6. Defendants, directly or through subsidiaries, are engaged in commercial banking.

III

TRADE AND COMMERCE

7. 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.

8. 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.

9. Michigan National was organized in 1934 and is Michigan National Corporation's "lead" bank. It operates its headquarters office and 9 branches in Lansing, Ingham County, Michigan, 9 other branches in the Lansing-East Lansing Standard Metropolitan Statistical Area ("SMSA") and 10 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.

10. East Lansing Bank was organized in 1955. It operates its headquarters office and two branch offices in East Lansing, Ingham County, Michigan, in the Lansing-East Lansing SMSA. As of December 30, 1972, East Lansing Bank had total assets of \$18.2 million, total deposits of \$16.5 million, and total loans and discounts of \$9.3 million.

11. Commercial banking in Ingham County and in the Lansing-East Lansing SMSA is highly concentrated. As of June 30, 1972, the four largest commercial banking organizations in Ingham County controlled 88.9 percent of total county commercial bank deposits and the four largest commercial banking organizations in the Lansing-East Lansing SMSA controlled 76.1 percent of total SMSA commercial bank deposits.

12. Michigan National Corporation, through its subsidiary Michigan National, and East Lansing Bank, engage in substantial competition in commercial banking in Ingham County and throughout the Lansing-East Lansing SMSA. Michigan National is the largest bank in Ingham County and in the Lansing-East Lansing

SMSA. East Lansing Bank is the seventh largest commercial bank in Ingham County and the twelfth largest in the Lansing-East Lansing SMSA.

13. As of June 30, 1972, Michigan National held 39.4 percent of commercial bank deposits in Ingham County and East Lansing Bank held 2 percent of such deposits, for a combined total of 41.4 percent. As of June 30, 1972, Michigan National held 36.1 percent of commercial bank deposits in the Lansing-East Lansing SMSA and East Lansing Bank held 1.6 percent of such deposits, for a combined total of 37.7 percent.

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

IV

VIOLATION ALLEGED

15. Defendants Michigan National Corporation and East Lansing Bank have entered into an agreement which, if consummated, will result in the acquisition by Michigan National Corporation of 100 percent (less directors' qualifying shares) of the stock of East Lansing Bank. On October 18, 1973, the Board of Governors of the Federal Reserve System issued an order approving the proposed acquisition.

16. The effect of the aforesaid acquisition of East Lansing Bank 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 East Lansing Bank in commercial banking will be eliminated;

(b) concentration in commercial banking in the Lansing-East Lansing SMSA and portions thereof, including Ingham County, will be substantially increased; and

(c) competition generally in commercial banking in the Lansing-East Lansing SMSA and portions thereof, including Ingham County, may be substantially lessened.

PRAYER

WHEREFORE, plaintiff prays:

1. That the acquisition described in paragraph 15 of this complaint be adjudged to be in 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 First National Bank of East Lansing commanding it 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 acquisition agreement 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.

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

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

Robert H. Bork

ROBERT H. BORK
Acting Attorney General

Thomas E. Kauper

THOMAS E. KAUPER
Assistant Attorney General

Baddia J. Rashid

BADDIA J. RASHID

Hugh P. Morrison, Jr.

HUGH P. MORRISON, JR.
Attorneys, Department of Justice

UNITED STATES ATTORNEY

Jules M. Fried

JULES M. FRIED

L. Peter Farkas

L. PETER FARKAS

Peter E. Halle

PETER E. HALLE
Attorneys, Department of Justice

Department of Justice
Antitrust Division
Washington, D. C. 20530
202-739-2455