

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

MICHIGAN NATIONAL CORPORATION,
MICHIGAN NATIONAL BANK, VALLEY
NATIONAL BANK OF SAGINAW and
V. NATIONAL BANK,

Defendants.

CIVIL ACTION NO. 4-71882

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

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

7. Michigan National Bank, Valley National 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 Saginaw, in the Saginaw 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. Valley National Bank was chartered in 1959. It operates its headquarters office in Saginaw, three branch offices in the Saginaw SMSA and an additional branch in Bangor Township, Bay County, Michigan. As of December 30, 1972, Valley National Bank had total assets of \$49.3 million, total deposits of \$43.2 million, and total loans and discounts of \$29.0 million.

12. Commercial banking in the Saginaw SMSA is highly concentrated. As of June 30, 1972, the four largest commercial banking organizations in the Saginaw SMSA controlled 87.0 percent of total SMSA commercial bank deposits.

13. Michigan National Corporation, through its subsidiary Michigan National, and Valley National Bank, engage in substantial competition in commercial banking in the City of Saginaw and throughout the Saginaw SMSA. Michigan National is the second largest bank in the Saginaw SMSA. Valley National Bank is the fourth largest commercial bank in the Saginaw SMSA.

14. As of June 30, 1972, Michigan National held 25.9 percent of commercial bank deposits in the Saginaw SMSA and Valley National Bank held 6.4 percent of such deposits, for a combined total of 32.3 percent.

15. Michigan National Corporation, Michigan National and Valley National 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 Valley National 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 Valley National 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 Valley National Bank and V. Bank.

17. Sometime prior to March 1973 V. Bank was created to facilitate the acquisition of Valley National 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 Valley National Bank and V. 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 Valley National Bank and V. Bank.

18. The effect of the aforesaid merger of Valley National Bank and V. 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 Valley National Bank in commercial banking will be eliminated;

(b) concentration in commercial banking in the Saginaw SMSA and portions thereof, including the City of Saginaw, will be substantially increased; and

(c) competition generally in commercial banking in the Saginaw SMSA and portions thereof, including the City of Saginaw, 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 defendants and all persons acting on their behalf be enjoined from carrying out the aforesaid merger and acquisition agreements 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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