

1 UNITED STATES DISTRICT COURT
2 WESTERN DISTRICT OF WASHINGTON
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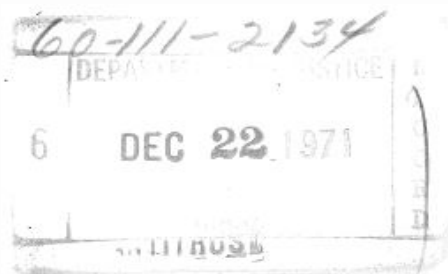
4 UNITED STATES OF AMERICA,
5 Plaintiff,

6 v.

7 MARINE BANCORPORATION;
8 THE NATIONAL BANK OF COMMERCE
9 OF SEATTLE; and
WASHINGTON TRUST BANK,
10 Defendants.

Civil Action No. 237-71C2

Filed: October 22, 1971



11 COMPLAINT

12 The United States of America, plaintiff, by its attorneys,
13 acting under the direction of the Attorney General of the United
14 States, brings this civil action to obtain equitable relief
15 against the above-named defendants, and complains and alleges as
16 follows:

17 I

18 JURISDICTION AND VENUE

19 1. This complaint is filed and this action is instituted
20 under Section 15 of the Act of Congress of October 15, 1914,
21 c. 323, 38 Stat. 736, as amended (15 U.S.C. § 25), commonly known
22 as the Clayton Act, in order to prevent and restrain violation
23 by the defendants, as hereinafter alleged, of Section 7 of the
24 Clayton Act, 38 Stat. 731, as amended (15 U.S.C. § 18).

25 2. Marine Bancorporation and The National Bank of Commerce
26 of Seattle have their principal places of business, transact
27 business, and are found within the Western District of Washington.

28 II

29 THE DEFENDANTS

30 3. Marine Bancorporation (hereinafter referred to as
31 "Marine") is made a defendant herein. Marine is a corporation
32 organized under the laws of the State of Washington which owns

1 all of the capital stock of The National Bank of Commerce of
2 Seattle except for the qualifying shares owned by the bank's
3 directors. Marine maintains its principal place of business in
4 Seattle, King County, Washington.

5 4. The National Bank of Commerce of Seattle (hereinafter
6 referred to as "NBC") is made a defendant herein. NBC is a bank-
7 ing association organized under the laws of the United States of
8 America and maintains its principal place of business in Seattle,
9 King County, Washington.

10 5. Washington Trust Bank (hereinafter referred to as "WTB")
11 is made a defendant herein. WTB is a banking association organized
12 under the laws of the State of Washington and maintains its
13 principal place of business in Spokane, Spokane County, Washington.

14 III

15 TRADE AND COMMERCE

16 6. Commercial banks fill an essential and unique role in
17 the nation's economy. Their principal functions are the accept-
18 ance of deposits for safekeeping and convenience in making payments
19 by check, the granting of loans or advances of funds to individuals
20 and business firms, and the creation through demand deposits of
21 net additions to the supply of money. Most money payments in the
22 United States are made through checks drawn against demand deposits,
23 and the creation and holding of such deposits is a function
24 peculiar to commercial banks and one which makes them to a great
25 extent the administrators of the nation's check payment system.
26 Through the making of loans to individuals and businesses,
27 commercial banks supply a significant part of the credit require-
28 ments of the nation's economy. Commercial banks also accept time
29 deposits from various types of depositors and provide a wide
30 variety of other financial services, including personal and
31 corporate trust accounts, the collection of drafts, bills and
32 other commercial instruments, the acceptance of bills of exchange,
the issuance of letters of credit, the sale of cashier's checks

1 and drafts on correspondent banks, the purchase or sale of
2 securities for customers, the sale of foreign exchange, and the
3 renting of safety deposit boxes. This combination of services
4 is unduplicated by other financial institutions.

5 7. Customers of Marine's subsidiary bank, NBC, and of WTB
6 have regularly utilized interstate communications, including the
7 mails, telephone and telegraph, to carry on their business with,
8 apply for and obtain the services provided by these banks.
9 Marine's subsidiary, NBC, and WTB have regularly utilized inter-
10 state communications, including the mails, telephone and telegraph,
11 to conduct business with customers and with other banks located
12 in states other than Washington. Marine, NBC and WTB are engaged
13 in interstate commerce.

14 8. NBC is the second largest commercial bank in Washington.
15 It operates more than 100 banking offices in the state, including
16 29 in Seattle, as well as two in Spokane County outside of the
17 Spokane metropolitan area, and it has offices in most of the
18 counties of eastern Washington. On December 31, 1970, NBC had
19 total assets of about \$1.3 billion, total deposits of about \$1.1
20 billion (including IPC demand deposits of about \$393.2 million)
21 and total loans and discounts of about \$656 million.

22 9. WTB is the eighth largest commercial bank based in
23 Washington, and the second largest bank headquartered in that
24 part of the State of Washington which lies east of the Cascade
25 Mountains. It operates a total of eight banking offices, all in
26 the Spokane metropolitan area. On December 31, 1970, WTB had total
27 assets of about \$102.6 million, total deposits of about \$87.3
28 million (including IPC demand deposits of about \$37.7 million) and
29 total loans and discounts of about \$53.2 million.

30 10. Commercial banking in the State of Washington is highly
31 concentrated. The five largest banks in the state hold 75 percent
32 of the state's total commercial bank deposits. The two largest

1 banks in the state hold about 51 percent of such deposits.

2 11. Spokane is the second largest city in the State of
3 Washington. The Spokane metropolitan area is comprised of the
4 urbanized area in and about the City of Spokane. It is the trade
5 center of a region which encompasses 36 counties and 1.2 million
6 inhabitants. Agriculture is the major income producing industry
7 of the region. The area also contains important mining districts,
8 extensive timber forests and a large number of lumber mills.

9 12. The Spokane metropolitan area is served by six commercial
10 banks which operate more than 34 banking offices in the area. Two
11 of the six banks, Old National Bank of Washington and The First
12 National Bank of Spokane, are affiliates of Washington Bancshares,
13 a bank holding company headquartered in Spokane. Banking in the
14 Spokane metropolitan area is highly concentrated. The three
15 largest banking organizations hold over 90 percent of the commercial
16 bank deposits and have about 85 percent of all bank offices located
17 in the Spokane metropolitan area. WTB is the third largest banking
18 organization in the area with about 17.6 percent of the total
19 deposits in commercial banks.

20 13. Spokane County is served by nine banks, including the
21 two affiliates referred to in paragraph 12 of this complaint, which
22 operate 47 banking offices in the county. Banking in Spokane
23 County is highly concentrated with the three largest banks holding
24 about 89 percent of the total commercial bank deposits in the
25 county. WTB is the third largest bank in Spokane County with about
26 16.4 percent of the county's commercial bank deposits. NBC has
27 about 1.8 percent of such deposits.

28 14. Washington bank law permits a bank to establish de novo
29 branches only in the city in which it has its principal place of
30 business, in unincorporated areas in the county in which it is
31 headquartered, or in incorporated cities and towns which do not
32 have banking offices of any commercial bank. NBC may not under

1 Washington law establish a de novo branch in Spokane. At present,
2 only three banking organizations may legally open new branch
3 offices in Spokane and only six may legally do so in the un-
4 incorporated areas of Spokane County. Only three of these
5 organizations have deposits in excess of \$10 million. WTB is one
6 of these organizations.

7 15. NBC has the capability and incentive to enter commercial
8 banking in the Spokane metropolitan area by means less anti-
9 competitive than by merger with WTB.

10 16. WTB has the capability and incentive to expand de novo
11 into unincorporated areas of Spokane County and by other means
12 into other areas of eastern Washington. WTB also has the capability
13 and incentive to combine with one or more other middle-sized banks
14 in the state to form a new state-wide banking organization able to
15 compete with the existing market leaders in banking markets
16 throughout Washington.

17 17. Correspondent bank services are generally provided by
18 large metropolitan banks to smaller local banks, and they include
19 the clearing of checks and other commercial transactions,
20 participation loans (usually larger loans) with the local bank,
21 providing various forms of investment and other information and
22 advice, providing data processing services, and providing a variety
23 of other financial services which a particular local bank may
24 require. As partial compensation for such services, a local bank
25 maintains inter-bank deposits with its principal correspondent
26 bank.

27 18. NBC is a leading source of correspondent bank services
28 to other commercial banks in Washington. The market for the
29 offering and sale of correspondent bank services in Washington
30 is highly concentrated with NBC and one other bank holding about
31 70 percent of the total correspondent deposits in the state.

32 19. WTB presently holds a small share of correspondent bank

1 deposits in Washington. It offers correspondent services to many
2 local banks operating in eastern Washington. WTB has the resources
3 and incentive to become a greater competitor in providing general
4 correspondent services to small banks in eastern Washington.

5 IV

6 OFFENSE

7 20. Defendants NBC and WTB entered into an agreement on or
8 about February 24, 1971 which, if consummated, will result in the
9 merger of NBC and WTB under the charter and with the title of NBC.
10 Under the merger agreement, shareholders of WTB common stock would
11 receive common stock in Marine in exchange for their holdings of
12 such WTB stock. The Comptroller of the Currency approved the
13 proposed merger on September 24, 1971.

14 21. The effect of the merger described in paragraph 20 above
15 may be to substantially lessen competition or tend to create a
16 monopoly in violation of Section 7 of the Clayton Act in the
17 following ways, among others:

- 18 (a) actual and potential competition between NBC
19 and WTB in commercial banking will be permanently
20 eliminated;
- 21 (b) actual and potential competition generally in
22 commercial banking in Spokane County and in the
23 Spokane metropolitan area will be substantially
24 lessened;
- 25 (c) NBC will be eliminated as a potential substantial
26 competitive factor in commercial banking in the
27 Spokane metropolitan area;
- 28 (d) WTB will be eliminated as a potential substantial
29 competitive factor in that part of Spokane County
30 which is outside of the Spokane metropolitan area;
- 31 (e) WTB will be eliminated as a potential substantial
32 competitive factor in banking markets in other

1 parts of eastern Washington outside of Spokane
2 County;

3 (f) the position of NBC and the other dominant
4 Washington banks will become entrenched in
5 many local markets in eastern Washington;

6 (g) potential competition will be reduced by the
7 elimination of WTB as a potential member of
8 a new banking organization capable of entering
9 commercial banking in other markets throughout
10 the State of Washington;

11 (h) the number of middle-sized banks in Washington
12 capable of combining with other middle-sized
13 and smaller banks to become a statewide system
14 will be reduced;

15 (i) actual and potential competition between NBC
16 and WTB in correspondent banking in eastern
17 Washington will be permanently eliminated; and

18 (j) mergers and consolidations between other lead-
19 ing banks in Washington may be fostered, result-
20 ing in the concentration of banking resources
21 in the state in the hands of a few large banks,
22 thereby reducing diversity in banking choices
23 and promoting parallel policies among leading
24 banks in local markets.

25 PRAYER

26 WHEREFORE, plaintiff prays:

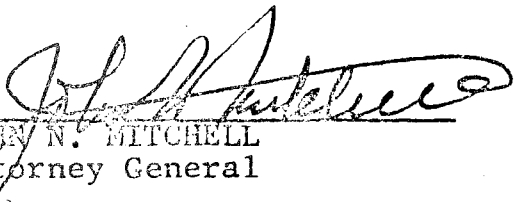
27 1. That the merger agreement described in paragraph 20 of
28 this complaint be adjudged to be unlawful, in violation of Section
29 7 of the Clayton Act.

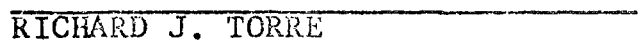
30 2. That defendants and all persons acting on their behalf
31 be enjoined from carrying out the aforesaid agreement of merger,
32 or any similar plan or agreement, the effect of which would be to


merge, consolidate or in any other way combine the businesses of
said defendants.

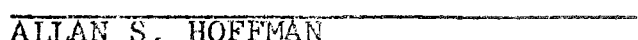
3. That the plaintiff have such other and further relief as
the Court may deem just and proper.

4. That plaintiff recover the costs of this action.



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