

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)

FILED

UNITED STATES OF AMERICA,

FEB 27 1970

Plaintiff,

CLERK, U. S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

v.

Civil Action No. 85-70-A

UNITED VIRGINIA BANKSHARES
INCORPORATED, THE PEOPLES
NATIONAL BANK OF MANASSAS
and MANASSAS BANK, N. A.,

Filed: February 27, 1970

Defendants.

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, c. 323, 38 Stat. 736, 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, 38 Stat. 731, as amended.

2. Each of the defendants transacts business and is found within the Eastern District of Virginia.

II

THE DEFENDANTS

3. United Virginia Bankshares Incorporated (hereinafter referred to as "United Virginia Bankshares") is made a defendant herein. United Virginia Bankshares is a registered bank holding company organized under the laws of the Commonwealth of Virginia and maintains its principal place of business in Richmond, Virginia.

4. The Peoples National Bank of Manassas (hereinafter referred to as "Peoples National Bank") is made a defendant herein. Peoples National Bank is a banking association organized under the laws of the United States of America and maintains its principal place of business in Manassas, Prince William County, Virginia.

5. Manassas Bank, N.A., is made a defendant herein. It is a banking association newly organized under the laws of the United States of America. It was organized by United Virginia Bankshares as part of a plan to acquire the outstanding stock of Peoples National Bank. It maintains its principal place of business in Manassas, Prince William County, Virginia.

III

DEFINITIONS

6. As used in this complaint, "Manassas area" means the city of Manassas, its immediate environs and the nearby towns of Haymarket, Gainesville, and Nokesville in Prince William County.

7. As used in this complaint, "United Virginia Bankshares subsidiary banks" means the ten banks in which United Virginia Bankshares presently owns a controlling interest.

8. As used in this complaint, "Northern Virginia" means the counties of Arlington and Fairfax and the independent cities of Alexandria, Fairfax and Falls Church.

IV

TRADE AND COMMERCE

9. 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.

10. Customers of United Virginia Bankshares subsidiary banks and of Peoples National Bank 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. United Virginia Bankshares subsidiary banks and Peoples 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 Virginia. United Virginia Bankshares and Peoples National Bank are engaged in interstate commerce.

11. United Virginia Bankshares is the largest bank holding company and the largest banking organization in the commonwealth of Virginia. As of December 31, 1968, it controlled ten subsidiary banks with aggregate deposits of \$977.5 million, representing about 14 per cent of the total deposits held by all commercial banks in the commonwealth of Virginia. As of that same date, these ten subsidiary banks combined had total assets of about \$1,113 million and total loans of more than \$600 million. As of December 31, 1968, these ten banks operated a total of 88 banking offices located throughout much of the commonwealth of Virginia including 23 in Northern Virginia. Since its organization in 1963 through the acquisition of six banks, United Virginia Bankshares has acquired control of four additional banks.

12. Peoples National Bank was organized in 1903. It operates its main office and four branch offices in Manassas, Prince William County, Virginia. As of December 31, 1968, it had total assets of \$19.6 million,

total deposits of \$17.7 million and net loans and discounts of \$8.4 million.

13. Prince William County lies adjacent to Fairfax County on the south. The county's present population is about 100,000. Having good transportation facilities, an abundance of open space and a good location, Prince William County can be expected to grow rapidly in the next decades. From 1960 to 1968 the county's population doubled. It is estimated that the county population will grow to 250,000 by 1985. Northern Prince William County, where the Manassas area is located, is especially favorably situated. The area around Manassas is the site of increased industrial activity as well as rapid residential development. The present population of the Manassas area is estimated at 55,000; Manassas grew 130 per cent from 1960 to 1968. This rapid growth can be expected to continue in the future.

14. Commercial banking in the Manassas area is highly concentrated. As of June 29, 1968, three commercial banks operated 14 banking offices in the Manassas area. On that date, the five offices of Peoples National Bank held approximately 50 per cent of the total deposits in such offices. The National Bank of Manassas, which operates its main office and four branches in the Manassas area, accounted for about 40 per cent of such deposits; this bank is a subsidiary of the fourth largest bank holding company in Virginia. Thus, combined, the banks with the two largest shares accounted for about 90 per cent of such deposits. American Bank, headquartered in Woodbridge, Prince William County, Virginia, operated four offices in the Manassas area and held the remaining 10 per cent of such deposits;

this bank is a subsidiary of the second largest bank holding company in Virginia. The state banking commission has authorized a new bank to be organized in Manassas; this bank plans to begin operations in March 1970.

15. Commercial banking in Prince William County is also highly concentrated. As of June 29, 1968, four commercial banks operated 20 banking offices in Prince William County. On that date, American Bank and Peoples National Bank accounted for about 37 per cent and 25 per cent, respectively, of the total deposits held in such offices. Thus, combined, the banks with the two largest shares accounted for about 62 per cent of such deposits. National Bank of Manassas accounted for about 21 per cent of such deposits. The remaining bank, First National Bank of Quantico, now merged into Virginia National Bank, the second largest banking organization in Virginia, held about 17 per cent of such deposits.

16. Prince William County is adjacent to Northern Virginia. Two of United Virginia Bankshares bank subsidiaries operate in Northern Virginia. As of June 29, 1968, these subsidiaries combined held 23.9 per cent of commercial bank deposits in Northern Virginia. The subsidiaries of United Virginia Bankshares and two other bank holding companies, dominate commercial banking in Northern Virginia.

17. United Virginia Bankshares is the larger of only two holding companies operating substantial banking organizations in Northern Virginia which do not have

subsidiaries operating offices in Prince William County or the Manassas area. Because of its dominant position in the adjacent Northern Virginia banking markets, its history of expansion into important banking markets throughout the commonwealth and its substantial resources, United Virginia Bankshares is one of the most likely entrants into the Manassas area and Prince William County by the establishing of a de novo bank or by acquisition of a small bank in Prince William County.

V

OFFENSE CHARGED

18. Defendants United Virginia Bankshares and Peoples National Bank have entered into agreements which will result in the acquisition by United Virginia Bankshares of a controlling interest in Peoples National Bank. This is to be accomplished through the creation of Manassas Bank, N.A., its acquisition by United Virginia Bankshares and its subsequent merger with Peoples National Bank.

19. On July 25, 1969, Manassas Bank, N.A., was chartered by the Comptroller of the Currency; on January 30, 1970, the Federal Reserve Board granted its approval of the proposed acquisition by United Virginia Bankshares of Manassas Bank, N.A.; and on February 2, 1970, the Comptroller of the Currency approved the merger of Manassas Bank, N.A. with Peoples National Bank.

20. The effect of the acquisition of a controlling interest in Peoples National Bank by United Virginia Bankshares pursuant to the agreements described in paragraph 18 above may be substantially to lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) potential competition in commercial banking between United Virginia Bankshares and Peoples National Bank in the Manassas area and Prince William County will be permanently eliminated;

(b) United Virginia Bankshares will be eliminated as a potential entrant into commercial banking in the Manassas area and in Prince William County;

(c) Peoples National Bank will be eliminated as an independent competitive factor in commercial banking in the Manassas area and elsewhere in Prince William County;

(d) the dominant banking organizations in the Manassas area and Prince William County will be entrenched and barriers to effective independent entry into these markets will be increased; and

(e) potential competition in commercial banking would be reduced by the continuation of a trend of acquisitions by leading banking organizations in Virginia of independent banks with substantial positions in markets throughout many parts of the state.

PRAYER

WHEREFORE, plaintiff prays:

1. That the agreements described in paragraph 18 of this complaint be adjudged to be unlawful, in 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 acquisition agreements, or any similar plans or agreements, 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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