

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action
)	No. 29287
THE PHILADELPHIA NATIONAL BANK, and)	
GIRARD TRUST CORN EXCHANGE BANK,)	Filed February 25, 1961
)	
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 against the above-named defendants under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209, as amended, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, and under Section 15 of the Act of Congress of October 15, 1914, c. 323, 38 Stat. 736, as amended, entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes," commonly known as the Clayton Act, in order to prevent and restrain continued violations by the defendants, as hereinafter alleged, of Section 1 of the Sherman Act and of Section 7 of the Clayton Act, 38 Stat. 731, as amended by the Act of Congress of December 29, 1950, c. 1184, 64 Stat. 1125.

2. Each of the defendants has its principal place of business, transacts business, and is found within the Eastern District of Pennsylvania.

II

THE DEFENDANTS

3. The Philadelphia National Bank, hereinafter referred to as "Philadelphia National," is made a defendant herein. It is a banking association organized under the laws of the United States, having its principal place of business at Philadelphia, Pennsylvania.

4. Girard Trust Corn Exchange Bank, hereinafter referred to as "Girard Trust" is made a defendant herein. It is a banking association organized under the laws of the State of Pennsylvania, having its principal place of business at Philadelphia, Pennsylvania.

III

TRADE AND COMMERCE

5. Commercial banks fill an essential and unique role in the nation's economy. Most money payments are made through the device of demand deposits, a function unique to commercial banks. Through the making of loans to individual and business borrowers commercial banks supply a significant part of the credit requirements of our 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 cashiers' 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.

6. Commercial banks, because of the importance of bank credit to business borrowers and their close relationships with many such borrowers, and because of their holdings of stock in trust accounts have an important influence on competition in all branches of industry and commerce served by the banking system.

7. Commercial banking in the City of Philadelphia and in the surrounding metropolitan area is heavily concentrated in a few banks. Within the City itself five banks, as of June 30, 1960, accounted for approximately 80% of total assets, deposits and loans for all commercial banks. Within the somewhat broader "IPC service area" from which 75% of Philadelphia National's IPC deposits (from individuals, partnerships and corporations) originate, the same five banks accounted for approximately 51% of such IPC deposits in all commercial banks. Concentration in some important commercial banking functions is even greater. For example, the five banks described above account for approximately 85% of the total commercial and industrial loans by all Philadelphia banks.

8. Philadelphia National conducts a general commercial banking business through 28 offices, 11 of which are located in the City of Philadelphia and 17 in the surrounding metropolitan area. As of June 30, 1960, Philadelphia National had total assets of \$1,086,147,170 and in the Philadelphia area was second in size only to the First Pennsylvania Banking and Trust Company which had assets of \$1,182,660,407. As of the same date, Philadelphia National had total deposits of \$946,306,784 and total loans of \$523,512,316. Approximately 57% of Philadelphia National's loans are in the commercial and industrial category.

9. Girard Trust is the third largest commercial bank in the Philadelphia area. It conducts a general commercial banking business through 39 offices, 21 of which are located in the City of Philadelphia and 18 in the surrounding metropolitan area. As of June 30, 1960, it

had assets of \$757,572,488, deposits of \$658,176,864 and loans of \$408,627,181. Approximately 49% of Girard Trust's total loans were in the commercial and industrial category.

10. Both Philadelphia National and Girard Trust have made numerous acquisitions which have contributed to the present degree of commercial banking concentration in the Philadelphia area. Philadelphia National has acquired nine smaller banks in this area by way of merger or consolidation since 1950. Girard Trust was formed by a 1951 merger and since that time has acquired five smaller Philadelphia area banks through mergers or consolidations.

11. Philadelphia National and Girard Trust compete with each other, and with other banks in the Philadelphia area, in the performing of commercial banking functions, as described in Paragraph 5 above.

12. As of June 30, 1960, Philadelphia National accounted for approximately 22% and Girard Trust for approximately 15% of total deposits in Philadelphia commercial banks. Within the "IPC service area" for Philadelphia National, as described in paragraph 7 above, the defendants' shares of total IPC deposits in commercial banks were approximately 11% and 10%, respectively, while in Girard Trust's "IPC service area" each bank accounted for approximately 13% of such IPC deposits.

13. As a result of the proposed merger hereinafter alleged, Philadelphia National would become the largest commercial bank in the Philadelphia area in terms of banking offices, assets, deposits and loans, and would be approximately 50% larger than its largest competitor. At the same time, the proposed merger would increase banking concentration to the point where the two largest commercial banks would account for approximately 62% of the total assets, deposits and loans of all Philadelphia commercial banks and approximately 36% and 45% of total commercial bank IPC deposits in the respective "IPC service areas" of Philadelphia National and Girard Trust.

14. Customers of Philadelphia National and Girard Trust have regularly utilized interstate communications, including the mails, telephone and telegraph, to effect deposits, apply for and obtain loans and obtain other services made available by these banks. The banks have regularly utilized interstate communications, including the mails, telephone and telegraph, to conduct banking business with customers, and with other banks located in states other than the state in which they are located. The banks have received a substantial amount of deposits from states other than the state in which they are located, and have made a substantial amount of loans to customers in such other states. Philadelphia National and Girard Trust are engaged in interstate commerce.

IV. OFFENSES CHARGED

15. Beginning sometime prior to November 15, 1960, and continuing thereafter up to and including the date of the filing of this complaint, defendants Philadelphia National and Girard Trust have been engaged in an unlawful combination in unreasonable restraint of the above described interstate trade and commerce in violation of Section 1 of the Sherman Act.

16. The unlawful combination has consisted of a continuing agreement, understanding and concert of action between the defendants Philadelphia National and Girard Trust, the substantial terms of which have been and are that the defendants will carry out a plan of merger and consolidation which will eliminate all competition between them. To carry out the combination in unreasonable restraint of the above-described interstate trade and commerce, the defendants have entered into a contract which was approved by the boards of directors of Philadelphia National and Girard Trust on or about December 20, 1960 which, if carried out, will result in a merger and consolidation of the two defendants and eliminate all competition between them in violation of Section 1 of the Sherman Act.

17. The effect of the consolidation of Philadelphia National and Girard Trust, pursuant to the agreement described in paragraph 16 above, may be substantially to lessen competition or to tend to create a monopoly in violation of Section 7 of the Clayton Act.

18. The offenses alleged in this complaint are continuing and will continue unless the relief hereinafter prayed for is granted.

V. EFFECTS

19. The aforesaid offenses charged in this complaint, if continued and carried out, will have, among others, the following effects:

(a) actual and potential competition between the defendants will be permanently eliminated;

(b) existing and potential competition generally in commercial banking in the Philadelphia area will be substantially and unreasonably lessened;

(c) concentration in commercial banking in the Philadelphia area will be substantially and unreasonably increased;

(d) existing and potential competition in the commerce and industry served by commercial banks in the Philadelphia area will be substantially and unreasonably lessened.

PRAYER

WHEREFORE, plaintiff prays:

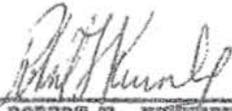
1. That the aforesaid agreement between defendants Philadelphia National and Girard Trust be adjudged and decreed to be unlawful, in violation of Section 1 of the Sherman Act and Section 7 of the Clayton Act.

2. That defendants Philadelphia National and Girard Trust and all persons acting on their behalf be enjoined from carrying out the agreement of consolidation or any similar plan or agreement the effect of which would be to merge or consolidate said defendants.

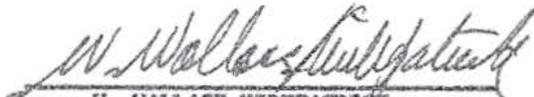
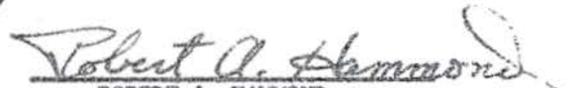
3. That a preliminary injunction issue against the defendants Philadelphia National and Girard Trust preventing and restraining them from taking any action to consummate the aforesaid agreement, or any similar agreement, understanding or plan to merge or consolidate Girard Trust with Philadelphia National pending adjudication of the merits of this complaint.

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

5. That plaintiff recover the costs of this suit.



ROBERT F. KENNEDY
Attorney General


W. WALLACE KIRKPATRICK
Acting Assistant Attorney General
ROBERT A. HAMMOND
Attorney, Department of Justice
GEORGE D. BEYCRAFT
LARRY L. WILLIAMS
Attorneys, Department of Justice