

X-3287

UNITED STATES OF AMERICA
BEFORE THE FEDERAL RESERVE BOARD

At a duly called meeting of the Federal Reserve Board held at its offices in the Treasury Building, City of Washington, District of Columbia, on the 24th day of December, 1921.

PRESENT:

W. P. G. HARDING, Governor)	
EDMUND PLATT,)	
ADOLPH C. MILLER,)	MEMBERS.
JOHN R. MITCHELL,)	
D. R. CRISSINGER.)	

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FEDERAL RESERVE BOARD

- VS -

WADE H. COOPER, CONTINENTAL TRUST COMPANY
AND THE UNION SAVINGS BANK
.....

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:
: Report of Federal Reserve
: Board stating its Findings
: as to the Facts and Conclusion.

Pursuant to the provisions of an Act of Congress, approved October 15, 1914, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," known as the Clayton Act, the Federal Reserve Board issued and served a complaint upon respondents Cooper, Continental Trust Company and The Union Savings Bank, charging them and each of them with violation of Section 8 of said Act.

The respondents having entered their appearances by their attorneys Messrs. Douglass, Obeir and Douglass, and having filed answers herein, this proceeding duly came on to be heard before the Federal Reserve Board on the 30 day of November, 1921, and evidence was introduced in support of the allegations of said complaint and on behalf of respondents, and duly reduced to writing.

Now the Federal Reserve Board, having heard argument of counsel for respondents and having duly considered the record, which is hereby made a part of this report, and being now fully advised in the premises, makes this its report, and states its findings as to the facts and its conclusion, as follows:

FINDINGS AS TO THE FACTS.

1. That Continental Trust Company is a bank, banking association or trust company organized and operating under the laws of the United States, to wit, the Code of Law for the District of Columbia, in the City of Washington, District of Columbia, with a capital stock of \$1,000,000, and is a member bank of the Federal Reserve System and is a stockholder in and member of the of the Federal Reserve Bank of Richmond.
2. That The Union Savings Bank is a bank, banking association, or trust company organized under the laws of the State of West Virginia and operating under the laws of the United States, to wit, the Code of Laws for the District of Columbia, in the City of Washington, District of Columbia, with a capital stock of \$200,000.
3. That said City of Washington, District of Columbia, is a city, incorporated town or village of more than 200,000 inhabitants as shown by the last preceding decennial census of the United States. (F. R. Board Exhibits Nos. 18 and 19).
4. That Wade H. Cooper is a resident of the City of Washington, District of Columbia.
5. That said Cooper was on November 30, 1921, serving as president and director of Continental Trust Company and had been continually serving as such president and director since about April 27, 1921.
5. That said Cooper was on November 30, 1921, serving as president and director of The Union Savings Bank and had been continually serving as such president and director since about the year 1913.
7. That for some time prior to October 7, 1916, said Cooper was serving as director of the Continental Trust Company.
8. That on or about October 7, 1916, the said Cooper filed an application with the Federal Reserve Board, under the provisions of an Act of Congress approved May 15, 1916, known as the Kern Amendment to the Clayton Act, for the Board's permission to serve on the directorates of Continental Trust Company, The Union Savings Bank, respondents herein, and United States Savings Bank, all of the City of Washington, District of Columbia. (F. R. Board Exhibits Nos. 1 & 2).
9. That said Board approved said application as to Continental Trust Company and United States Savings Bank but disapproved it as to Continental Trust Company and the Union Savings Bank on the ground that said latter two banks were in substantial competition and that said Board had no power under the law to grant its permission to serve on the directorates of both such banks.
10. That shortly thereafter said Cooper applied for and was granted a hearing before said Board at which the said Cooper and Charles W. Warden, Vice President of Continental Trust Company, appeared and submitted evidence upon the question of substantial competition between Continental Trust Company

and The Union Savings Bank and the application of said Cooper for permission to serve these two banks was reconsidered.

11. That upon reconsideration of the application of said Cooper to serve on the directorates of Continental Trust Company and The Union Savings Bank, and upon consideration of the further evidence presented by said Cooper and Warden at said hearing, the Federal Reserve Board confirmed its former ruling that these two institutions were in substantial competition.

12. That subsequently and on October 24, 1916, the Federal Reserve Board notified Cooper that it could not grant him permission to serve on the directorates of Continental Trust Company and The Union Savings Bank, and no such permission was granted. (F. R. Board Exhibit No. 3).

13. That shortly thereafter the said Cooper resigned as director of Continental Trust Company. (F. R. Board Exhibit No. 5).

14. That on or about February 1, 1917, Cooper applied for and received the Federal Reserve Board's permission to serve on the directorates of the First National Bank of Hyattsville, Maryland, The Union Savings Bank and United States Savings Bank. (F. R. Board Exhibits Nos. 6 and 7).

15. That on or about April 27, 1921, Cooper became president and director of Continental Trust Company while still serving as president and director of The Union Savings Bank and United States Savings Bank and without having obtained the Federal Reserve Board's permission to serve as director or officer of Continental Trust Company.

16. That on June 28, 1921, the Federal Reserve Board notified Cooper that he was violating Section 8 of the Clayton Act in serving Continental Trust Company without having obtained the permission of the Federal Reserve Board therefor. (F. R. Board Exhibit No. 8).

17. That on June 29, 1921, Cooper explained to the Federal Reserve Board that he had been elected president and director of the Continental Trust Company with the idea of consolidating it with The Union Savings Bank and another institution. (F. R. Board Exhibit No. 9)

18. That on or about August 4, 1921, and after some further correspondence between Cooper and the Federal Reserve Board. (F. R. Board Exhibit No. 10). Cooper filed a new application for the Board's permission to serve Continental Trust Company, The Union Savings Bank and United States Savings Bank. (F. R. Board Exhibit No. 11)

19. That upon consideration of said application and the evidence and arguments submitted with it the Federal Reserve Board again reached the conclusion that Continental Trust Company and The Union Savings Bank were in substantial competition and that the Board had no power to grant said application.

20. That on or about September 30, 1921, the Federal Reserve Board notified Cooper that it could not grant him permission to serve Continental Trust Company and The Union Savings Bank and further notified him that unless he resigned from one or the other of those institutions by October 3, 1921, the Board would institute proceedings to enforce the law. (F. R. Board Exhibit No. 12).

21. That Cooper did not resign from either Continental Trust Company of The Union Savings Bank by October 3, 1921, but, on the contrary, continued to serve as president and director of both institutions.

22. That Continental Trust Company is located on the northwest corner of Fourteenth and H Streets, at No. 801 Fourteenth Street, Northwest, in the City of Washington, District of Columbia.

23. That The Union Savings Bank is located at No. 710 Fourteenth Street, Northwest, on the west side of Fourteenth Street, between G and H Streets, and between G Street and New York Avenue, in the City of Washington, District of Columbia.

24. That Continental Trust Company is located north and slightly east of and approximately $1\frac{1}{2}$ blocks distant from The Union Savings Bank.

25. That Fourteenth Street runs north and south and H Street and G Street run east and west and New York Avenue runs northeast and southwest and New York Avenue is the only street that intersects Fourteenth Street between the intersection of H Streets and Fourteenth Street and the intersection of G Street and Fourteenth Street.

26. That street cars run on Fourteenth Street from south of G Street to north of H. Street and on H Street west of Fourteenth Street and on New York Avenue northeast and southwest of Fourteenth Street, and on New York Avenue southwest of Fourteenth Street turning north on Fourteenth Street, and on Fourteenth Street north of New York Avenue turning southwest on New York Ave.

27. That Continental Trust Company engages in commercial banking business, advertises for, solicits and accepts commercial accounts and savings accounts and makes loans on real estate and other collateral, and does a trust company business, and that its commercial accounts constitute approximately 75% of the total of its commercial and savings deposits.

28. That The Union Savings Bank engages in commercial banking business, advertises for, solicits and accepts commercial accounts and savings accounts, and makes loans on real estate and other collateral, and that its savings accounts constitute approximately 80% of the total of its commercial and savings deposits.

29. That Continental Trust Company and The Union Savings Bank are generally engaged in the same character of business and are so situated as to appeal, and do in fact appeal, to the same customers or would-be customers.

30. That Continental Trust Company and The Union Savings Bank are in substantial competition with each other.

31. That Cooper has, since on or about April 27, 1921, carried on negotiations looking toward the consolidation of Continental Trust Company and The Union Savings Bank and United States Savings Bank, but that no agreement has been entered into with respect to such consolidation and that certain stockholders of The Union Savings Bank are opposed to the consolidation upon the basis which has been proposed by Cooper.

32. That the fact of the encumbency of Cooper as president of both Continental Trust Company and The Union Savings Bank and the possibility of their consolidation tends to check the amount and degree of competition which would otherwise exist between said Continental Trust Company and said The Union Savings Bank.

Conclusion.

That the service of respondent Wade H. Cooper at the same time as president or director of respondent Continental Trust Company and as director or president of respondent The Union Savings Bank, under the conditions and circumstances described in the foregoing findings constitutes a violation by each of said respondents of Section 8 of the Act of Congress approved October 15, 1914, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," known as the Clayton Act, as amended.

By the Board

Governor.

Dated this 24th
day of December, 1921.

ATTEST:

Secretary.

X-3287-a

UNITED STATES OF AMERICA
BEFORE THE FEDERAL RESERVE BOARD

At a duly called meeting of the Federal Reserve Board held at its offices in the Treasury Building, City of Washington, District of Columbia, on the 24th day of December, 1921.

PRESENT:

W. P. G. HARDING, Governor)	
EDMUND PLATT,)	
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FEDERAL RESERVE BOARD

-VS-

WADE H. COOPER, CONTINENTAL TRUST
COMPANY AND THE UNION SAVINGS BANK
.....

ORDER.

The above entitled proceeding having been heard by the Federal Reserve Board on the 30th day of November, 1921, on the complaint of the Board, the answers of respondents, the testimony and evidence and the arguments of Counsel for respondents, and the Board having made its report stating its findings as to the facts and its conclusion that the respondents have violated Section 8 of an Act of Congress, approved October 15, 1914, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," known as the Clayton Act it is now

ORDERED AND DECREED

That Wade H. Cooper, on or before the 17th day of January, 1922, terminate his service in any capacity, whether as officer, director and/or employee, with either Continental Trust Company or The Union Savings Bank, both of Washington, D. C., and within the same time file with the Federal Reserve Board satisfactory proof, in the form of sworn extracts from the

minutes of meetings of the directors or stockholders of said Continental Trust Company or said The Union Savings Bank, that he has terminated his services with either said Continental Trust Company or said The Union Savings Bank as aforesaid; and that thereafter said Cooper cease and desist from serving at the same time as officer, director and/or employee of said Continental Trust Company and as officer, director and/or employee of said The Union Savings Bank.

2. That said Continental Trust Company, on or before the 17th day of January, 1922, rid itself of Wade H. Cooper, as its officer, director and/or employee, and within the same time file with the Federal Reserve Board satisfactory proof, in the form of sworn extracts from the minutes of meetings of its directors or stockholders, that it has rid itself of Wade H. Cooper as aforesaid; and that thereafter said Continental Trust Company shall at no time permit said Cooper to be or serve as its officer, director and/or employee; provided, however, that if said The Union Savings Bank shall, on or before the 17th day of January, 1922, have rid itself of said Cooper as its officer, director and/or employee and shall within the same time have filed with the Federal Reserve Board satisfactory proof thereof as hereinafter provided, then this order shall not be effective as against said Continental Trust Company while said Cooper is not and does not serve as officer, director and/or employee of said The Union Savings Bank.

3. That said The Union Savings Bank, on or before the 17th day of January, 1922, rid itself of Wade H. Cooper, as its officer, director and/or employee, and within the same time file with the Federal Reserve Board satisfactory proof, in the form of sworn extracts from the minutes of meetings of its directors or stockholders, that it has rid itself of Wade H. Cooper as aforesaid; and that thereafter said The Union Savings Bank shall at no time permit said Cooper to be or serve as its officer, director and/or employee; provided, however, that if said Continental Trust Company shall, on or before the 17th day of January, 1922, have rid itself of said Cooper as its officer, director and/or employee and shall within the same time have filed with the Federal Reserve Board satisfactory proof thereof as hereinafter provided, then this order shall not be effective as against said The Union Savings Bank while said Cooper is not and does not serve as officer, director and/or employee of said Continental Trust Company.

By the Board _____

• Governor.

Dated this 24th day of
December, 1921.

ATTEST:

Secretary.