



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 15, 1998

Kenneth H. Thomas, PhD.  
6255 Chapman Field Drive  
Miami, Florida 33156

Dear Dr. Thomas:

This responds to your letter dated December 19, 1997, requesting that the Board reconsider its approval of the proposal by NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), to acquire Barnett Banks, Inc., Jacksonville, Florida ("Barnett").<sup>1/</sup>

The Board's Rules of Procedure require that a request for reconsideration present relevant facts that for good cause shown were not previously presented to the Board. 12 C.F.R. 262.3(k). The members of the Board have carefully considered your request in light of this standard and all the facts of record.

Your request reiterates your concerns regarding the antitrust aspects of NationsBank's proposal. In particular, you restate your contention that the Board should establish absolute limits on the amount of deposits that a banking organization may control in any local banking market. In addition, you maintain that the characterization of the proposal as "difficult" and "complex" in the NationsBank Order shows that the Board's traditional antitrust analysis is inadequate and that your approach should be adopted. You also assert that,

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<sup>1/</sup> NationsBank Corporation, 84 Federal Reserve Bulletin \_\_\_\_ (Order dated December 10, 1997) ("Order"). You were previously advised by the Board's Legal Division that the revised order sent to you, which contained an analysis of several banking markets that was inadvertently deleted from the order initially released, reflected the Board's consideration of the proposal.

even if your limitations are not adopted, antitrust considerations would require NationsBank to divest at least \$5.6 billion in deposits.

The Board carefully considered your approach in the Order. As the Board noted, the competitive effects of the proposal were complex and were best analyzed by reviewing and considering a variety of data and measures. The Board's analysis, which is described in detail in the Order, took into account changes in and pro forma levels of the Herfindahl-Hirschman Index under the Department of Justice Merger Guidelines and a number of other factors, including the relative and absolute market shares of all depository institutions in the market as well as the three largest competitors. Accordingly, the Board's approach accounted for the principles stated in your proposal and, at the same time, permitted consideration of a variety of other factors that may affect competition in a particular banking market. The Board concluded that its approach provided a more complete economic analysis of the competitive effects in a local banking market based on its long-standing experience in conducting competitive analyses of bank acquisitions and mergers. The Board also concluded that, in light of the proposed divestiture of 67 branches, accounting for approximately \$3.1 billion in deposits, consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, for the reasons discussed in the Order. Your request disagrees with the conclusions reached by the Board without providing any additional facts.

Your request for reconsideration has been presented to the members of the Board. Based on all the facts of record, and for the reasons discussed in this letter, no member of the Board has requested that the Order be reconsidered or modified in any manner. Accordingly, your request for reconsideration is hereby denied.

Very truly yours,



Jennifer J. Johnson

Deputy Secretary of the Board

cc: Federal Reserve Bank of Richmond