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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

November 15, 2019

The Honorable William Barr
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Attorney General Barr:

We have long been concerned that the proposed merger between BB&T Corporation (BB&T) and SunTrust Banks Inc. (SunTrust) to become one of the largest banks in the United States (Truist) raises significant anti-competitive concerns that will harm working Americans and small businesses.

On Friday, November 8th, the U.S. Department of Justice (DOJ) announced it will withhold any challenge to the proposed merger, the last hurdle before final approval by the Federal Reserve Board and Federal Deposit Insurance Corporation.¹ DOJ conditioned this agreement on BB&T and SunTrust's pledge to divest 28 branches across North Carolina, Virginia, and Georgia in order to resolve antitrust concerns. The DOJ press statement also claims the agreement will preserve "investments in innovation and technology this merger is expected to generate."

BB&T and SunTrust compete in many of the same markets and estimate that across their combined footprint there are approximately 740 branches within 2 miles of each other. The combined entity will have assets of \$442 billion and deposits of \$324 billion. The divestiture of 28 branches comprises only \$2.3 billion in deposits. We remain concerned that the divestiture will not be sufficient to fully address antitrust concerns, reduced competition and consumer choice, and other effects on rural and underserved communities. Furthermore, it is unclear whether the DOJ is in any position to ensure that the merger does in fact result in investments in innovation and technology.

In order for us to better understand the DOJ's antitrust analysis, please provide the following by November 22, 2019:

1. Any and all analyses regarding the proposed merger between BB&T and SunTrust, including the report to the banking agencies on the proposed merger's competitive effects, the Herfindahl-Hirschman Index (HHI) analysis, any analysis of how the 28

¹ <https://www.justice.gov/opa/pr/justice-department-requires-divestitures-order-bbt-and-suntrust-proceed-merger>

branches were identified as the appropriate divestiture size, and any projections regarding increased investment in innovation and technology resulting from the merger.

- a. Please specifically identify how the DOJ defined the geographic markets and product markets used in its concentration analysis. For each product market, list all geographic markets where in its preliminary screening:
 - i. the HHI exceeded the Federal Reserve's delegation thresholds by raising the HHI by more than 200 points or more to a level of 1800 or higher; and
 - ii. the divested branches are located.

For those markets where the thresholds were exceeded and no divestitures were required, provide the basis for which the DOJ determined that divestitures were not necessary, including the pro-forma HHI analysis used.

2. The extent to which DOJ relied on the banks' own analysis of branch locations and anti-competitive effects? Please provide all information from BB&T and SunTrust regarding the number and location of branches identified for potential closure or consolidation.
3. The extent to which the DOJ was involved in SunTrust's agreement to divest the branches to First Horizon bank, and any subsequent analysis on the marketplace effects of approving divestiture of assets to a bank that has already announced its intent to merge with another institution, furthering consolidation and concentration in the industry.
4. The number of times the Department of Justice met or communicated with BB&T, SunTrust, or their representatives regarding the proposed merger in the six months prior to the public announcement to the present? Please provide the dates, participants, and any other available data regarding the substance of each meeting.

Thank you for your attention to this important matter. Please contact our offices if you have any questions.

Sincerely,



Sherrod Brown
Ranking Member
United States Senate Committee on
Banking, Housing, and Urban Affairs



Elizabeth Warren
Ranking Member
Subcommittee on Financial Institutions and
Consumer Protection