

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA
U.S. Department of Justice
Antitrust Division
450 Fifth Street, N.W., Suite 8700
Washington, DC 20530,

Plaintiff,

v.

STONE CANYON INDUSTRIES HOLDINGS
LLC
1875 Century Park East, Suite 320
Los Angeles, CA 90067,

SCIH SALT HOLDINGS INC.
10995 Lowell Avenue, Suite 500
Overland Park, KS 66210,

K+S AKTIENGESELLSCHAFT
Bertha-von-Suttner-Str. 7
34131 Kassel, Hesse
Germany,

and

MORTON SALT, INC.
444 West Lake Street, Suite 300
Chicago, IL 60606,

Defendants.

Civil Action No.:

Judge:

COMPLAINT

The United States of America (“United States”), acting under the direction of the Attorney General of the United States, brings this civil antitrust action against Defendants Stone Canyon Industries Holdings LLC (“Stone Canyon”), SCIH Salt Holdings Inc. (“SCIH”), K+S Aktiengesellschaft (“K+S AG”), and Morton Salt, Inc. (“Morton”) to enjoin SCIH’s proposed

acquisition of assets including Morton from K+S AG. The United States complains and alleges as follows:

I. NATURE OF THE ACTION

1. Pursuant to a Transaction Agreement dated October 5, 2020, SCIH intends to acquire assets including Morton from K+S AG for approximately \$3.2 billion. As a result of the acquisition, SCIH would control both Morton and US Salt, which are the largest suppliers of certain evaporated salt products in the United States.

2. Together, Morton and US Salt would have a monopoly in the United States and Canada for pharmaceutical-grade salt, the purest grade of evaporated salt, which is used to make life-saving treatments and products for patients in need of dialysis fluid, intravenous saline solution, or other medical products.

3. Additionally, Morton and US Salt are two of only three companies that supply U.S. households with “round-can” table salt, a type of evaporated salt that is sold in 26-ounce round containers with a metal spout and used to flavor food.

4. Morton and US Salt are also two of only three major suppliers in the northeastern United States of bulk evaporated salt, which is used by food processors and chemical manufacturers to make pre-packaged food and everyday cleaning products.

5. Today, customers benefit from competition between Morton and US Salt in the form of lower prices, higher quality products, and/or improved service. The proposed transaction would eliminate this competition, driving the opposite result: higher prices, lower quality products, and poorer service for customers of pharmaceutical-grade salt in the United States and Canada, for customers of round-can table salt in the United States, and for customers of bulk evaporated salt in the northeastern United States.

6. Accordingly, SCIH's acquisition of Morton would violate Section 7 of the Clayton Act, 15 U.S.C. § 18, and should be enjoined.

II. THE PARTIES AND THE TRANSACTION

7. K+S AG is a chemical company headquartered in Kassel, Germany. In 2020, K+S AG reported revenues of approximately \$4.4 billion. K+S AG's Operating Unit Salt Americas business includes Morton as well as K+S Windsor Salt, which sells salt products in Canada, and Sociedad Punta de Lobos, which sells salt products in Chile.

8. Morton is a K+S AG subsidiary with approximately \$1 billion in revenue in 2020. Morton is the largest supplier of pharmaceutical-grade salt in the United States and Canada, the largest supplier of round-can table salt in the United States, and one of only three suppliers of bulk evaporated salt in the northeastern United States.

9. Stone Canyon is an industrial holding company incorporated in Delaware and headquartered in Los Angeles, California. Stone Canyon acquired Kissner Group Holdings LP, which it later renamed SCIH, in April 2020.

10. SCIH is a subsidiary of Stone Canyon and is headquartered in Overland Park, Kansas. In 2020, SCIH had revenues of approximately \$1 billion. SCIH is a leading supplier of salt products, including evaporated salt.

11. US Salt, a subsidiary of SCIH with approximately \$95 million in revenues in 2020, is the nation's second-largest supplier of pharmaceutical-grade salt in the United States and Canada, the second-largest supplier of round-can table salt in the United States, and one of only three suppliers of bulk evaporated salt in the northeastern United States.

12. Pursuant to a Transaction Agreement dated October 5, 2020, SCIH agreed to acquire K+S AG's Operating Unit Salt Americas business, including Morton, for approximately \$3.2 billion.

III. JURISDICTION AND VENUE

13. The United States brings this action under Section 15 of the Clayton Act, 15 U.S.C. § 25, to prevent and restrain Defendants from violating Section 7 of the Clayton Act, 15 U.S.C. § 18.

14. Defendants' activities substantially affect interstate commerce. Defendants sell pharmaceutical-grade salt and round-can table salt throughout the United States and bulk evaporated salt throughout the northeastern United States. This Court has subject matter jurisdiction over this matter pursuant to Section 15 of the Clayton Act, 15 U.S.C. § 25, and 28 U.S.C. §§ 1331, 1337(a), and 1345.

15. Defendants have consented to venue and personal jurisdiction in this judicial district. Venue is proper under Section 12 of the Clayton Act, 15 U.S.C. § 22, and 28 U.S.C. § 1391(b) and (c)(2), for Stone Canyon, SCIH, and Morton, and venue is proper for K+S AG, a German corporation, under 28 U.S.C. § 1391(c)(3).

IV. RELEVANT MARKETS

A. Relevant Product Markets

16. Morton and SCIH's US Salt subsidiary both produce and sell evaporated salt. Evaporated salt is a type of sodium chloride produced through "vacuum evaporation." In the vacuum evaporation process, water is pumped into a salt deposit where the salt dissolves, and the resulting brine is forced into an evaporator on the surface where it is boiled in a series of pans until only the salt remains. Evaporated salt is nearly 100% sodium chloride and contains almost

no other trace minerals. Because of the evaporation process, individual grains of evaporated salt are also more consistent and regularly shaped than other forms of salt.

17. Evaporated salt is distinct from salt created through other production methods, such as rock salt and solar salt. Rock salt is mined and then crushed into smaller sizes before being transported to the surface. Rock salt is less expensive to produce than evaporated salt, but it is also coarser, irregularly shaped, and contains other minerals and impurities. As a result, rock salt is used for applications that have less demanding quality requirements such as de-icing roads. Solar salt is created when salt water is captured in shallow ponds where the sun evaporates most of the water. It can only be produced in warm climates where the evaporation rate exceeds the precipitation rate. Solar salt is less pure and not as uniform in shape as evaporated salt, but it is purer than rock salt. Solar salt is used for applications such as water softening.

18. Evaporated salt typically is used in applications that require the highest quality of salt, such as human consumption. There are different types of evaporated salt that have different characteristics, end uses, and customers. Three types of evaporated salt produced by Defendants constitute relevant product markets—pharmaceutical-grade salt, round-can table salt, and bulk evaporated salt.

i. Pharmaceutical-Grade Salt

19. Pharmaceutical-grade salt is the grade of salt with the highest percentage of sodium chloride and thus is the purest grade of evaporated salt. Pharmaceutical-grade salt is used in the pharmaceutical industry as a building block for a number of life-saving treatments and products, including dialysis fluid, intravenous saline solution, and other medical products. Pharmaceutical-grade salt must be evaporated from salt deposits of extremely high purity and

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