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JUSTICE NEWS

Department of Justice

Office of Public Affairs

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Stone Canyon Required to Divest US Salt to Acquire Morton Salt

Divestiture Will Preserve Competition in Table Salt and Other Evaporated Salt Products

The Department of Justice announced today that Stone Canyon Industry Holdings LLC (Stone Canyon) and its portfolio company SCIH Salt Holdings Inc. (SCIH), which was previously named Kissner Group Holdings LP, will divest their entire evaporated salt business in order to proceed with their proposed acquisition of Morton Salt Inc. (Morton), among other assets. The department said that without the divestiture, the proposed acquisition would substantially lessen competition in the sale of several types of evaporated salt, including round-can table salt, pharmaceutical-grade salt, and bulk evaporated salt.

The Justice Department's Antitrust Division filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive harm alleged in the complaint.

"Americans use and depend on evaporated salt products every day for nutritional, medical and cleaning purposes," said Acting Assistant Attorney General Richard A. Powers of the Justice Department's Antitrust Division. "Without the divestiture, this merger likely would have led to higher prices and lower quality for consumers throughout the United States. Today's settlement will ensure that consumers, patients, and businesses continue to benefit from competition for these critical products."

According to the complaint, Morton and SCIH's wholly-owned subsidiary, US Salt LLC (US Salt), are two of only three producers that manufacture and distribute round-can table salt in the United States. Morton is the largest branded supplier of this pantry staple in the United States, and US Salt is the largest supplier of private-label round-can table salt in the United States. The complaint also alleges that Morton and US Salt are the only firms producing pharmaceutical-grade salt in the United States and Canada. Pharmaceutical-grade salt is a critical ingredient for dialysis treatment, intravenous saline solution, and other medical products that must meet stringent purity standards.

The complaint further alleges that Morton and US Salt are two of only three major suppliers that manufacture and distribute bulk evaporated salt in the northeastern United States. Bulk evaporated salt is used in various industries including food processing and chemical manufacturing to produce essential everyday items such as processed foods, disinfectants, soap, and bleach. The complaint alleges that the merger would eliminate competition between Morton and US Salt for all of these evaporated salt products, likely leading to higher prices, reduced supply availability, lower quality products, and longer delivery times.

To eliminate the potential for competitive harm threatened by this acquisition, Stone Canyon and SCIH have agreed to divest their US Salt subsidiary, including their refinery in Watkins Glen, New York, as well as other all other assets used in the production of its evaporated salt products. US Salt has been in operation for over 100 years and is operated as a largely independent entity within Stone Canyon and SCIH. The proposed settlement will fully preserve

the competitive landscape that exists in these evaporated salt markets today, as US Salt constitutes Stone Canyon's and SCIH's entire business that competes in the sale of evaporated salt products, including round-can table salt, pharmaceutical-grade salt, and bulk evaporated salt.

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.

SCIH is a Delaware corporation headquartered in Overland Park, Kansas, and had 2020 revenues of approximately \$1 billion. US Salt is a subsidiary of SCIH with approximately \$95 million in revenues in 2020.

K+S Aktiengesellschaft (K+S AG) is a chemical company headquartered in Kassel, Germany. In 2020, K+S AG reported revenues of approximately €3.7 billion. K+S AG's Operating Unit Salt Americas, is a bundle of several subsidiaries that includes Morton, K+S Windsor Salt, and Sociedad Punta de Lobos.

Morton is a K+S AG subsidiary and a Delaware corporation headquartered in Chicago, Illinois. Morton generated approximately \$1 billion in revenue in 2020.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Katrina Rouse, Chief, Defense, Industrials, and Aerospace Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the final judgment upon a finding that it serves the public interest.

The claims resolved by the settlement are allegations only and there has been no determination of liability.

Attachment(s):

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