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JUSTICE NEWS

Department of Justice

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FOR IMMEDIATE RELEASE

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Justice Department Sues to Block Verzatec's Proposed Acquisition of Crane

Acquisition Would Combine the Two Largest Producers of Pebbled FRP Wall Panels, Allowing Verzatec to Eliminate its Rival, Monopolize the Market and Harm American Businesses

The Department of Justice filed a civil lawsuit today to stop Grupo Verzatec S.A. de C.V. (Verzatec) from acquiring its biggest competitor, Crane Composites (Crane), a wholly-owned subsidiary of Crane Co. The complaint, filed in the U.S. District Court for the Northern District of Illinois, alleges that the proposed \$360 million transaction would harm competition in production and sale of pebbled fiberglass reinforced plastic (FRP) wall panels, whose product and performance characteristics make it the wall covering of choice for many restaurants, grocery stores, hospitals and convenience stores across the United States.

"Verzatec's proposed acquisition of Crane is a brazen attempt to eliminate a rival and cement a monopoly in this market," said Assistant Attorney General Jonathan Kanter of the Justice Department's Antitrust Division. "Acquisitions that create or entrench monopoly power are illegal and violate the Sherman and Clayton Acts. The proposed transaction would leave countless American businesses facing higher prices and reduced quality, choice and innovation for this important building material."

As alleged in the complaint, Verzatec's internal documents acknowledged that the proposed acquisition would eliminate the "fierce competition" that Verzatec has faced from its "biggest competitor" Crane in the production and supply of pebbled FRP wall panels. Building supply distributors and home-improvement retailers across the nation benefit from the head-to-head competition that exists between these rivals today, resulting in better pricing, financial incentives, and delivery terms, which accrue to the benefit of restaurants, retail outlets and hospitals, among others, that use pebbled FRP in applications where low cost, durability and sanitary performance are paramount.

The department further alleged in its complaint that Verzatec's senior management wanted to acquire Crane to gain "pricing and market control" and to achieve "FRP dominance." As a result of the acquisition, Verzatec would dominate the industry, controlling about 80% of current sales and production capacity of pebbled FRP wall panels in the United States. As alleged in the complaint, the proposed acquisition would allow Verzatec to unlawfully monopolize the U.S. market for the production and sale of pebbled FRP in violation of Section 2 of the Sherman Act and substantially lessen competition in violation of Section 7 of the Clayton Act.

Verzatec is a privately held Mexican corporation with its headquarters in Monterrey, Mexico. Stabilit America Inc. is a wholly-owned subsidiary of Verzatec with headquarters and principal place of business in Moscow, Tennessee. Verzatec and its subsidiary Stabilit sell building materials and wall coverings, including pebbled FRP wall panels, in the United States under several business units, including Glasteel, Marlite and Nudo.

Crane Company is a Delaware corporation headquartered in Stamford, Connecticut. Crane Company's wholly-owned subsidiary Crane Composites Inc. manufactures and sells pebbled FRP wall panels in the United States. Crane Composites' headquarters and principal place of business is located in Channahon, Illinois. Crane sells pebbled FRP wall panels in the United States under several brand names, including Glasbord and Sequentia.

Attachment(s):

[Download US v Verzatec Complaint.pdf](#)

Component(s):

[Antitrust Division](#)

Topic(s):

Antitrust

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