

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GRUPO VERZATEC S.A. DE C.V.,
STABILIT AMERICA, INC., CRANE
COMPANY, and CRANE COMPOSITES,
INC.,

Defendants.

Case No. 1:22-cv-01401

Hon. Manish S. Shah

JOINT INITIAL STATUS REPORT

Pursuant to the Court's Standing Order, Plaintiff United States of America and Grupo Verzatec, S.A. de C.V. and Stabilit America, Inc. (together, "Verzatec"), jointly with Crane Composites, Inc. and Crane Company (together, "Crane") (collectively, "Defendants") submit this Joint Initial Status Report.

Since the Complaint was filed on March 17, 2022, (ECF No. 1), the Parties have been working expeditiously to prepare for trial either in August 2022 (Defendants' position) or October 2022 (Plaintiff's position), including by agreeing on and submitting a Protective Order on March 29, 2022 (ECF No. 23), which the Court granted the next day (ECF No. 24, ECF No. 25). Defendants filed their Joint Answer on April 5, 2022 (ECF No. 27), and the Parties produced their Investigation Materials on April 5 and 8, 2022. The Parties have also been negotiating a Joint Proposed Case Management Order, which is submitted herewith.

1. THE NATURE OF THE CASE

a. Attorneys of Record

Counsel for Plaintiff are Tai Snow Milder and Lowell Robert Stern of the Department of Justice. Counsel for Defendants are Carolyn Pelling Gurland, Rebecca H. Farrington, J. Mark Gidley, and Kathryn J. Mims of White & Case LLP (for Verzatec) and Michael Edward Martínez of K&L Gates LLP (for Crane).

b. Basis for Federal Jurisdiction

This Court has subject matter jurisdiction over this matter pursuant to Section 15 of the Clayton Act, 15 U.S.C. § 25, Section 4 of the Sherman Act, 15 U.S.C. § 4, and 28 U.S.C. §§ 1331, 1337(a), and 1345.

c. Nature of the Claims and Major Legal and Factual Issues

On March 17, 2022, Plaintiff United States of America filed a Complaint challenging the acquisition by Verzatec of Crane Composites, Inc. (“the Transaction”), as a violation of U.S. antitrust laws. ECF No. 1. To decide the case, the Court will need to determine whether: (1) Verzatec’s acquisition of Crane is likely to substantially lessen competition and tend to create a monopoly in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and (2) Verzatec’s proposed acquisition of Crane constitutes monopolization of a relevant line of commerce in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

On April 5, 2022, Defendants filed a Joint Answer denying the Complaint’s claims and providing Defendants’ overview of key issues. ECF No. 27. Both Clayton Act Section 7 and Sherman Act Section 2 turn on the questions of relevant product market and of entry, among others. The parties agree that market definition and market entry will be among the major legal and factual issues necessary to resolve the claims under the Clayton Act and Sherman Act.

d. Relief Sought by Plaintiff

Plaintiff seeks to enjoin the Transaction.

2. PENDING MOTIONS AND CASE PLAN

a. Pending Motions

There are no currently-pending motions.

b. Discovery Plan

The Parties have been meeting and conferring over the past four weeks to negotiate a proposed case management order. Attached to this Report is a Joint Proposed Scheduling And Case Management Order jointly-proposing case management order language where the Parties agree, and setting forth Plaintiff's position and Defendants' position on the issues where the Parties have not reached an agreement. The attached Joint Proposed Scheduling And Case Management Order addresses the discovery plan topics enumerated in the Court's Initial Status Report Template.

c. Trial

Plaintiff seeks a trial starting on October 4, 2022, which is well before the Defendants' optional merger termination date of November 16, 2022. Defendants seek a trial starting on August 22, 2022 or earlier — to permit the Court time to render its decision before the effective merger drop-dead date of November 4, 2022 (the true date for a judgment that would allow the parties to close is November 4, 2022 given the Division's Timing Agreement requires that the parties give it 10 days' notice prior to closing). The Parties anticipate a bench trial with between 80 hours of trial time (Plaintiff's position) and 40 hours of trial time (Defendants' position).

3. CONSENT TO PROCEED BEFORE A MAGISTRATE JUDGE

The Parties decline to proceed before a Magistrate for all purposes, but consent to proceed before a Magistrate Judge for discovery disputes, should the Court refer such disputes to a Magistrate.

4. STATUS OF SETTLEMENT DISCUSSIONS

No settlement discussions have yet occurred. The Parties do not request a settlement conference at this time.

Respectfully submitted,

/s/ Tai S. Milder

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