UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11107 / September 23, 2022

SECURITIES EXCHANGE ACT OF 1934
Release No. 95889 / September 23, 2022

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4340 / September 23, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21145

In the Matter of **COMPASS MINERALS INTERNATIONAL, INC.** **Respondent.**	**ORDER INSTITUTING CEASE-AND-PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Compass Minerals International, Inc. ("Compass" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

1. This case involves various disclosure violations by Compass Minerals. From 2017 to 2018, Compass made repeated misrepresentations about its plans to reduce costs and about the production levels at its Goderich salt mine. These misrepresentations were the consequence of a deficient disclosure process at the company in which statements to investors were not reviewed by personnel who were sufficiently knowledgeable about both Compass's operations and its disclosure obligations. The failures in Compass's disclosure controls and procedures resulted not only in material misstatements about the mine, but in the company's senior management not having sufficient information about environmental issues caused by a facility it owned in Brazil to make appropriate determinations about disclosures.

2. Compass calls its Goderich salt mine in Canada the "crown jewel" of its asset portfolio. Goderich is the biggest underground salt mine in the world and the largest single contributor to Compass's financial results, accounting for about one-third of the company's earnings. Between 2015 and 2019, Compass upgraded its mining system at Goderich from drilling-and-blasting to continuous mining and continuous haulage ("CMCH") primarily in an effort to reduce costs.

3. In 2017, Compass told investors this upgrade was "progressing on plan" and that it would generate $30 million in annual savings for the company beginning in 2018—equivalent to about a 17% increase in the company's operating income. These statements were materially misleading. Goderich's new mining system was unable to produce enough salt during this period to save the company money. To the contrary, the production shortfalls caused by the upgrade required the company to incur additional expenses that substantially *increased* costs for Compass, and the company's experience implementing the upgrade showed this would continue. Compass did not disclose these facts, which substantially undermined Compass's statements about the upgrade.

4. In early 2018, Compass told investors the upgrade had already saved the company $5 million in 2017. This was not true. While the upgrade had reduced certain expenses by about $1 million, overall in 2017, the upgrade had instead increased costs that year.

5. During this period, Compass also misrepresented the amount of salt it was mining and that it was able to produce at Goderich using the installed CMCH equipment, and failed to disclose as required how the known and ongoing production shortfalls it was experiencing were reasonably expected to reduce its future operating income. After Compass disclosed in October

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

2018 that continuing production shortfalls at the Goderich mine were significantly impacting its financial results, the company's share price declined significantly.

6. In addition to these violations involving Goderich, from the fourth quarter of 2017 to the first quarter of 2022, Compass failed to adequately assess the financial consequences of a recently-acquired subsidiary's failures to comply with environmental regulations in Brazil. A chemical plant owned by the subsidiary discharged mercury above permitted levels on certain occasions, some of which reached near the Botafogo River. This resulted in potential financial risks for Compass. For example, the Brazilian government may have imposed regulatory penalties or suspended the facility's operating permit. In addition, Compass's Brazilian subsidiary may have been subject to liability from third parties impacted by any contamination. Because of its deficient disclosures controls and procedures, however, Compass did not adequately analyze whether these uncertainties were required to be disclosed.

7. In addition to these disclosure violations, Compass filed materially misstated financials due to its use of a salt interim inventory accounting methodology that did not comply with Generally Accepted Accounting Principles (GAAP).

Respondent

8. **Compass Minerals International, Inc.** is a Delaware corporation headquartered in Overland Park, Kansas. Compass's stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act ("Exchange Act") and trades on the New York Stock Exchange. Compass files periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

Background

Compass's Plans to Reduce Costs by Upgrading Its Technology

9. In late-2014, Compass's then-Board of Directors approved a multi-year project primarily to reduce the unit cost (cost per ton) of salt mined at Goderich by upgrading its equipment. Compass's plan was to convert from a traditional drill-and-blast operation to a CMCH system that uses complex machines to cut salt and transport it for processing on flexible conveyor trains.

10. At that time, Compass forecasted the project would cost $70-80 million and, after it was fully implemented, reduce the unit cost at Goderich by over 23%, saving the company about $27 million annually beginning in 2018.

11. These projections assumed CMCH mining at Goderich would produce 7.5 million tons of salt per year. Because of the economics of salt mining, unit cost increases as volume declines (all other things being equal). Thus, the production volume was a key variable in Compass's ability to reduce its unit cost, and thereby achieve its expected cost savings.

12. During an earnings call in April 2015, Compass's then-CEO told investors Compass would save "roughly about" $30 million annually beginning in 2018 from its $70-80 million upgrade to CMCH.

CMCH Fails to Meet Compass's Expectations

13. However in 2016 and 2017, various issues, including challenges with the implementation of the new CMCH machines and the geology of the Goderich mine, caused the CMCH project to fall far short of the company's production assumptions.[2] In 2016, the CMCH equipment Compass had installed to-date produced only about 1.4 million tons of salt, significantly underperforming what the company had expected at that time.

14. Compass's difficulties implementing CMCH as planned and other operating challenges at the mine required the company to incur significant unplanned expenses at Goderich during this period. For example, in late 2016 and early 2017, Compass purchased about 250,000 tons of salt from third parties at significant price premiums to meet its contractual commitments to its customers. Compass also had to pay shipping and logistics expenses to transport salt from one of its other salt mines in Louisiana to Northern markets typically served by Goderich.

15. Goderich production shortfalls resulted in significant increases in unit cost. Whereas Compass had projected internally that Goderich's unit cost would remain stable through mid-2016 then begin to decline by the end of the first quarter of 2017, the unit cost at Goderich instead *increased* by over 42% during that period. Most of this increase was due to the mine's inability to implement CMCH as planned and unanticipated expenses associated with the upgrade.

16. An internal presentation sent to Compass's then-CEO in April 2017 explained that management changes at Goderich were necessary because "the move to [CMCH] has not met expectations and forecasts" and that Goderich "has not been able to maintain consistent production." Two days later, the then-CEO informed Compass's then-Board of Directors of the management changes at Goderich, explaining, "[w]e have not made the progress required on safety, continuous mining, and production reliability."

17. In April 2017, Compass revisited its CMCH cost savings projections. When it did so, it concluded that many of the assumptions in its original calculations had proved unreliable. Compass's new projections for the project showed that even if the CMCH equipment could produce 7.5 million tons annually, it would not directly save the company about $30 million as

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[2] In 2016, Compass encountered an unprecedented change in the geology of the area in which it was conducting mining operations. Increasing levels of rock and other impurities in the salt deposit slowed mining operations and contributed to the underperformance of the CMCH system.

Compass had told investors.[3] Instead, the direct annual savings from CMCH would only be about $18 million.

18. To support a $30 million savings forecast, Compass executives developed a new model that included other Goderich mine cost reduction initiatives that were not directly related to CMCH, as well as some future initiatives that had not yet been identified.[4] Compass finance and operations employees, together with the company's then-CEO, then-CFO, and then-General Counsel, reviewed the new forecast and determined that Compass would continue to tell investors it expected CMCH to generate $30 million in cost savings.

Compass's Misleading Statements About Goderich in May 2017

19. Despite these issues, Compass's then-CEO told investors during the scripted portion of the company's May 4, 2017 earnings call, "our major investments at Goderich are progressing on plan." Later on that call, an analyst asked Compass's management whether the company was "sticking with" its $30 million cost savings forecast. Compass's then-CFO replied, "yes, absolutely, we're sticking to the $30 million coming out in 2018."[5] This response created the impression that Compass's cost savings forecast continued to be supported by the information available to the company about how CMCH was progressing.

20. These statements were misleadingly incomplete because they did not fairly align with the information Compass had at the time.[6] Compass knew of undisclosed material facts that substantially undermined those assertions.

21. As described above, the foundation of Compass's cost savings model was that CMCH would produce 7.5 million tons of salt per year. However CMCH was not close to producing 7.5 million tons of salt annually. In the first three full operating months of 2017 (as Goderich was transitioning from drill-and-blast to only CMCH), the CMCH system at Goderich

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[3] Compass, working with an external third party consultant, had included certain assumptions in its original projected cost savings calculations that turned out to be faulty. For example, Compass and its consultant had underestimated the amount of electricity needed to run the continuous mining systems. Compass also underestimated maintenance and repair expenses for the continuous mining systems, which were breaking down more often than Compass and its consultant had expected.

[4] For example, Compass added to its revised model expected savings from separate "continuous improvement projects" at the Goderich mine that included a longstanding project pre-dating CMCH to reduce the number of conveyor belt stops at Goderich. Compass also included in its revised model an amount for "operational excellence" projects the company had not yet identified.

[5] The company's statements about CMCH in May 2017 and in subsequent periods as discussed below were scripted and repeated numerous times. Reasonable investors would expect Compass's statements about cost savings from CMCH would have followed a careful assessment of what CMCH could achieve and taken into consideration all of the issues described in this Order.

[6] *See Omnicare, Inc. v. Laborers Dist. Council Const. Indus. Pension Fund,* 575 U.S. 175, 189 (2015) (discussing that reasonable investors expect that an issuer's publicly-stated opinion "fairly aligns with the information in the issuer's possession at the time").

produced an average of less than 260,000 tons of salt per month – substantially below the company's internal expectations and well less than one-half of the salt it needed to produce to generate $30 million in savings. Goderich was working to complete its installation of the CMCH system by bringing an additional CMCH machine online to increase production. However that installation was significantly behind schedule. Compass did not expect that machine to be fully installed until November 2017 – about nine months late. Compass's experience from the equipment Goderich had already installed was that the CMCH machines were likely to take significantly longer to "ramp up" than Compass had originally assumed. In the meantime, Goderich's production shortfalls were continuing to require Compass to incur significant unplanned expenses that were resulting in substantial increases to unit cost at Goderich. Until the ramp up was complete, Goderich's experience showed that the production shortfalls would continue to result in significantly higher unit cost for the company.

22. In making these statements to investors, the record reflects that the then-CEO and then-CFO's focus was on saying what they believed was justified and supported by their subordinates. The issues at Goderich were well-understood by Compass's most senior management, business unit leaders, and then-Board of Directors. However, statements to investors were not reviewed by personnel who were sufficiently knowledgeable about both Compass's operations and disclosure obligations. This resulted in Compass's then-CEO and then-CFO making statements to investors that addressed the potential benefits of the mine's upgrade without also fully taking into account the actual, and likely continuing, costs.

Compass Repeats Misleading Statements that It Expects CMCH to Save $30 Million in 2018

23. In August, September, and October 2017, Compass's executives provided reports to the then-CEO and then-CFO reflecting that Compass would save $27 million at Goderich – though the expected savings directly from CMCH by then had declined to $13 million.

24. Throughout this period, Compass's executives also provided reports to the then-CEO, then-CFO, and the then-Board of Directors showing Goderich continuing to fall far short of the production expectations underlying these cost savings models. While Goderich's salt production improved over this period, the mine remained far off its production goals. From April to October 2017, CMCH produced an average of only 310,000 tons of salt per month, still well less than one-half of what would be necessary to achieve these savings. Compass's executives also provided reports to management showing that unit cost at Goderich continued to be much higher than expected.

25. Nevertheless, in calls with investors following each of these reports in August, September, and October 2017, Compass continued to tell investors the CMCH project would save Compass about $30 million annually beginning in 2018 without adequately disclosing to investors that the forecast required a level of salt production that Goderich was far from achieving, and that

continued production shortfalls would continue to result in unit cost increasing, rather than decreasing.[7]

Compass's Misrepresentations About Realized Cost Savings

26. By the end of 2017, Compass had made multiple statements to investors that CMCH would save the company $30 million per year beginning in 2018. In a February 2018 earnings call, Compass told investors, "[w]e already achieved about $5 million of savings in 2017 when we finished installing the [CMCH] system."

27. This conveyed that CMCH had already begun generating a significant amount of the cost savings the company had said CMCH would produce. In fact, Compass's internal documents showed that CMCH allowed Compass to reduce costs by only $1.1 million in 2017 – primarily from no longer having to purchase explosives to conduct drill-and-blast mining operations. The remaining $3.9 million in savings were generated by other projects at Goderich that were not directly related to CMCH.

28. Even these savings were substantially offset by larger expenses at Goderich that Compass did not take into consideration in touting the savings it "already achieved." For example, in 2017, Compass had to pay over $4 million in maintenance and repair expenses at the site and also incurred penalties to customers relating to salt quality.[8] In addition, Compass incurred about $5 million in price premiums to purchase salt from third parties to cover Goderich production shortfalls. Also in 2017, Compass began a $9 million project to improve the quality of the salt at Goderich in order to meet customer product specifications.[9]

Compass Misrepresented Reasons for Its Increased Costs in Q1 2018

29. During Compass's first quarter earnings call in May 2018, Compass discussed that its costs had increased. However, it misrepresented the basis for that increase. Reading from a script that had been vetted by other executives including the then-General Counsel, Compass's then-CFO told investors the company's earnings in that period had been depressed by $20 million because of a "ceiling fall" incident at Goderich that interrupted mining operations in September 2017.

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[7] As with the statements in May 2017, numerous executives vetted these statements and did not suggest any potential problems with making them.

[8] The CMCH equipment in Goderich produced salt that was more fine than the specifications required by its customers ("fines") than the traditional drill-and-blast method. Compass can be required to pay penalties to customers for delivering salt that is not within customer specifications. In 2017, these penalties totaled $600,000.

[9] To address issues related to the geology of the mine and the increase in "fines" caused by the CMCH equipment, Compass installed a filtering system that, among other things, reduced impurities from the salt. In mid-2017, Compass determined that this new filtering system would reduce output at the mine by about 400,000 tons per year.

30. That statement was false. The direct costs related to the incident the then-CFO described reduced Compass's earnings by only $3 million in the first quarter of 2018. The other $17 million in increased costs resulted from the continuing operational issues at Goderich throughout 2017, only a small portion of which stemmed from the ceiling fall. The statement was material because it communicated that costs had increased as a result of a one-off natural event, rather than because the CMCH upgrade, which was important to investors, was not performing as expected.

Compass's Misrepresentations Regarding Goderich's Annual Production Capacity

31. Compass also misrepresented the Goderich mine's production capacity. In its Forms 10-K for the fiscal years ended December 31, 2016 through December 31, 2018, Compass told investors that the Goderich mine had the capacity to produce 8 million tons of salt annually. Compass defined annual production capacity in its Forms 10-K as "our estimate of the tons that can be produced assuming a normal amount of scheduled down time and operation of [the mine] under normal working conditions, including staffing levels, based on actual historical production rates."

32. These representations were materially false because they exaggerated Compass's ability to generate additional production using CMCH if warranted by product demand during the transition period to CMCH. Though Goderich had been able to produce nearly 8 million tons of salt annually using drill-and-blast mining, Goderich was discontinuing that method of producing salt, and Compass's CMCH system was not capable of mining close to that level of salt during this period.[10]

Compass's Misrepresentation Regarding Current Salt Production Levels

33. In September 2018, Compass's then-Senior Vice President in charge of the company's salt business gave a presentation at an investor conference about Goderich's salt production during which he displayed and discussed a slide entitled "Progress on Goderich Investments Continues." In the slide, Compass said it had completed its installation of the CMCH system in 2017 and that production was "currently ramping up" following a labor strike at the mine. The slide contained a graph showing Goderich's "Production Plan" that compared the mine's "current production rate" to a target rate of 600,000 tons per month.

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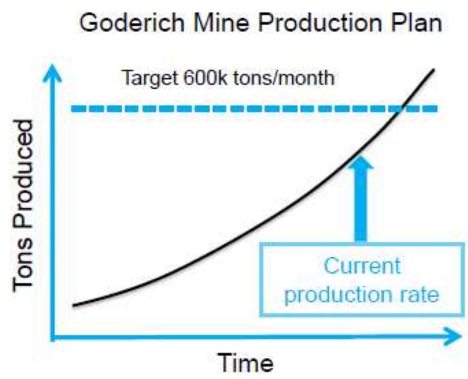
[10] Through December 2018, the CMCH system had yet to produce more than 450,000 tons of salt per month. In 2019, Compass began to increase annual production capacity at Goderich by installing additional and larger CMCH machines.



34. While displaying that graph, the then-Senior Vice President told the conference attendees, "As you can see on this chart, we're about 75% of the way to our target rates." This indicated that the Goderich mine was currently producing about 450,000 tons of salt per month.

35. This was materially false. Though Goderich had produced about 438,000 tons of salt eight months earlier in January 2018, Compass's internal production reports at that time showed that Goderich was currently producing far less than 450,000 tons of salt per month. During the period April through July, when mining operations also were impacted by a 12-week labor strike, the Goderich mine averaged only about 314,000 tons of salt per month. In August, Goderich had produced only 332,000 tons. When the then-Senior Vice President made the representation in mid-September 2018, Goderich was on pace to produce less than 225,000 tons of salt that month.[11]

Compass Pre-Announces Unfavorable Third Quarter Results Due to Goderich Shortfalls

36. On October 23, 2018, Compass pre-announced third quarter 2018 financial results that were significantly below expectations and lowered its outlook for the remainder of that year. The company attributed the miss to production shortfalls at Goderich due to the slower than expected ramp-up of the CMCH system following a labor strike. Compass's stock price fell more than 32% over the next two days, as financial analysts and investors expressed frustration with the company's failure to communicate production issues or deliver the expected benefits at Goderich.[12]

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[11] Ultimately, the Goderich mine produced 346,000 tons of salt in September.

[12] For example, on October 23, a large shareholder told Compass, "take a serious look at your original 2018 targets, and how you communicated and clung and 'aspired' since that day, and then look at the stock performance since that day and seriously ask yourself, is this any way to run a public company?" On October 24, a financial analyst wrote, "Persistent execution and guidance issues, which caused Compass Minerals to reduce 3Q18 and FY2018 guidance, are highly disappointing." That same day, a large bondholder complained that "bondholders' reliance on the Goderich mine and steady production levels seemed assured by management up until yesterday," observing that "proper communication or maybe timely understanding of production issues is very controllable by management and that is where the issues lie with [Compass]."

37. The Goderich mine produced less than four million tons of salt in 2018, at a unit cost that was more than double what they were before Compass began the CMCH project four years earlier.

Compass's Failures to Disclose Material Trends Relating to Its Salt Production

38. From 2016 through 2018, Goderich failed to produce the quantity of salt Compass's business required by increasingly large amounts. In 2016, Goderich produced 800,000 less tons than the company planned to produce. In 2017, the shortfall was 1.5 million tons[13], and, in 2018, the shortfall exceeded 2.4 million tons.[14] Compass did not disclose this known trend to investors in its 2016, 2017, or 2018 Forms 10-K or Forms 10-Q despite the fact that these production shortfalls resulted in higher unit cost that materially reduced the company's earnings.[15] Disclosure of this information was also necessary to make other required statements in Compass's filings, including the statements about Goderich's annual production capacity, not materially misleading.[16]

39. In 2016, 2017, and 2018, increased costs at Goderich reduced Compass's income from continuing operations by about 8%, 15%, and 41%, respectively.

Compass's Failures to Analyze Uncertainties Regarding Environmental Issues in Brazil

40. Following an ethics hotline complaint in 2017, Compass's management and then-Board of Directors learned that a chemical plant its subsidiary owned in Brazil had been discharging mercury above permitted levels on certain occasions, some of which reached near the Botafogo River, and covering up the misconduct by inaccurately reporting the amount of mercury to the environmental authorities.[17] At the direction of the plant's then-manager, lab technicians had been cherry-picking mercury testing results – basing the regulatory submissions on the results that showed mercury levels within the permitted limit, and omitting the samples above the limit. Compass determined that this activity had been going on for at least several years and that the facility's lab testing practices may also have resulted in inaccurate testing results.

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[13] While most of the 2017 annual shortfall was due to the CMCH system underperforming Compass's expectations, the September 2017 ceiling fall caused about 300,000 tons (20%) of the shortfall.

[14] While most of the 2018 annual shortfall was due to the CMCH system underperforming Compass's expectations, the labor strike caused about 750,000 tons (31%) of the shortfall.

[15] Among other things, during the relevant period, Regulation S-K Item 303(a)(3)(ii) required issuers to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material … unfavorable impact on … income from continuing operations." Item 303(b) required discussion of any material changes in known trends or uncertainties in quarterly reports filed on Form 10-Q.

[16] *See* Exchange Act Rule 12b-20.

[17] Compass completed its acquisition of that plant in 2016.

41. When confronted by Compass executives, the then-plant manager acknowledged his misconduct, and indicated that the environmental regulators could have closed down the facility if he had submitted reports showing elevated levels of mercury. Compass fired the then-plant manager and began to submit accurate reports to the environmental regulators. The company also took steps to remediate the mercury contamination and improve lab testing practices.

42. This misconduct created uncertainties for Compass. For example, it was possible that Brazil could have suspended the facility's operating permit, or that third parties who may have been impacted by the mercury above permitted levels that had reached near the river could have brought civil claims against Compass's Brazilian subsidiary. However, Compass did not adequately assess the probability of these risks coming to fruition nor did the company attempt to quantify their financial impacts if they were to occur.[18]

43. Compass did not have adequate controls and procedures in place to ensure that all potentially material risks and uncertainties were adequately analyzed by the employees at the company responsible for advising Compass's management of the company's disclosures obligations so that Compass's principal executive and financial officers could make appropriate determinations about disclosures.

Compass's Accounting Violations

44. In addition to the disclosure issues described above, Compass materially misstated its interim financial results by using a salt interim inventory accounting methodology that did not comply with GAAP. In July 2021, the company determined that, from at least 2005 through the third quarter of 2021, it had improperly valued its salt inventory at interim periods using forecasted cost per ton rather than actual costs as required by GAAP.[19] The error had a material impact on certain interim periods but did not affect Compass's annual financial results.

45. In August 2021, Compass announced it had identified a material weakness in its internal control over financial reporting. Compass subsequently restated its quarterly segment results for the first quarter of 2019 through the first quarter of 2021.

Compass's Remedial Acts

46. In determining to accept Compass's Offer, the Commission considered remedial acts undertaken by Compass in response to the Commission staff's investigation. Among other things, Compass created the new role of Chief Accounting Officer; developed new internal controls and procedures regarding disclosure and created a Board-chartered Disclosure Committee; and added to its Board of Directors several new directors with industry experience in finance and accounting, as well as safety and sustainability.

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18 Such an assessment was required pursuant to Regulation S-K Item 303(a)(3)(ii).

19 *See* ASC 330-10-30-1.

Violations

47. As a result of the conduct described above, Compass violated Section 17(a)(2) and (3) of the Securities Act, which prohibit any person from directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in the offer or sale of securities.[20]

48. Compass violated Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder, which require that every issuer of a security registered pursuant to Exchange Act Section 12 file with the Commission, among other things, annual and quarterly reports as the Commission may require. Compass also violated Rule 12b-20 of the Exchange Act, which requires an issuer to include in a statement or report filed with the Commission any information necessary to make the required statements in the filing not materially misleading.

49. Compass violated Exchange Act Section 13(b)(2)(A), which requires reporting companies to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets. Compass also violated Section 13(b)(2)(B), which requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that, among other things, transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.

50. Compass violated Exchange Act Rule 13a-15, which requires that every issuer of a security registered pursuant to Exchange Act Section 12 maintain disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e), and, for issuers required to file an annual report pursuant to Section 13(a) or 15(d) for the prior fiscal year, internal control over financial reporting as defined in Rule 13a-15(f).

Undertakings

51. Respondent has undertaken to complete the following actions:

a. Retention of Independent Compliance Consultant. Within 30 days of the issuance of this Order, Respondent shall retain the services of an Independent Compliance

[20] Violations of Sections 17(a)(2) and (3) of the Securities Act do not require scienter. *See Aaron v. SEC*, 446 U.S. 686, 691 (1980); *Ernst & Ernst v. Hochfelder*, 425 U.S. 185 (1976). During the relevant period, Compass offered and sold stock to its employees through an Incentive Award Plan for which a Form S-8 was filed with the Commission on May 6, 2015. The S-8 incorporated by reference all subsequent filings by Compass under the Exchange Act, including the filings containing statements and omissions at issue herein. Compass also offered and sold stock to employees through a Savings Plan in which its common stock was one of the investment options.

Consultant ("Independent Consultant") not unacceptable to the staff of the Commission and provide a copy of this Order to the Independent Consultant. Respondent shall provide the Commission staff with a copy of the engagement letter detailing the Independent Consultant's responsibilities, which shall include the reviews and reports to be made by the Independent Consultant as set forth in this Order. The Independent Consultant's compensation and expenses shall be borne exclusively by Respondent.

b. Independent Consultant's Reviews. Respondent shall require the Independent Consultant to:

   i. Review the company's practices and procedures relating to: its salt inventory revaluation process and its disclosure controls and procedures, including but not limited to controls and procedures relating to collection and assessment of information concerning potential risks, contingencies, operating events, trends, and uncertainties.

   ii. At the end of the review, but no later than 365 days after the entry of this Order, submit a written report to Respondent and the Commission staff that shall include a description of the review performed, the names of the individuals who performed the review, the Independent Consultant's findings and recommendations for changes or improvements to the disclosures, policies, and procedures, and a procedure for implementing the recommended changes and improvements;

c. Respondent shall, within 60 days of receipt of the Independent Consultant's report, adopt all recommendations contained in the report, provided, however, that within 45 days after the date of the report, Respondent shall in writing advise the Independent Consultant and the Commission staff of any recommendations that it considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Respondent considers to be unduly burdensome, impractical, or inappropriate, Respondent need not adopt that recommendation at that time but Respondent shall instead propose in writing to the Independent Consultant and Commission staff an alternative policy or procedure designed to achieve the same objective or purpose as that recommended by the Independent Consultant, or a different timeline for implementation in light of the recommendation. Respondent shall attempt in good faith to reach an agreement with the Independent Consultant on any recommendations objected to by Respondent. Within 15 days after the conclusion of the discussion and evaluation by Respondent and the Independent Consultant, Respondent shall require that the Independent Consultant inform Respondent and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation. At the same time, Respondent may seek approval from the Commission staff to not adopt the recommendations that Respondent can demonstrate to be unduly burdensome, impractical, or inappropriate. In the event that Respondent and the Independent Consultant are unable to agree on an alternative proposal within 30 days and the Commission staff does not agree that any proposed recommendations are unduly burdensome, impractical, or inappropriate, Respondent shall abide by the determinations of the Independent Consultant.

d. Within 30 days of Respondent's adoption and implementation of all of the recommendations in the Independent Consultant's report that the Independent Consultant deems appropriate, as determined pursuant to the procedures set forth herein, Respondent shall certify in writing to the Independent Consultant and the Commission staff that Respondent has adopted and implemented all recommendations in the applicable report. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence.

e. Respondent shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of its files, books, records, and personnel as reasonably requested for the Independent Consultant's review, including access by on-site inspection. To ensure the independence of the Independent Consultant, Respondent (1) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant without prior written approval of the Commission staff; and (2) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

f. The deadlines in this Undertaking shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

g. Respondent shall require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Compass, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Compass, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

h. Respondent shall not be in, and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-client privilege or any other doctrine of privilege to prevent the Independent Consultant from transmitting any information, reports, or documents to the Commission.

i. The reports by the Independent Consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) as otherwise required by law.

j. Respondent shall certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Melissa Hodgman, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549, with a copy to the Office of Chief Counsel of the Enforcement Division, 100 F St., NE, Washington, DC 20549, no later than sixty (60) days from the date of the completion of the undertakings.

Respondent may apply to the Commission staff for an extension of the deadlines described above before their expiration, and upon a showing of good cause by the Respondent, the Commission staff may, in its sole discretion, grant such extensions for whatever time period it deems appropriate.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, it is hereby ORDERED that**:**

A. Respondent shall cease and desist from committing or causing any violations and future violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-13, and 13a-15 promulgated thereunder.

B. Respondent shall pay a civil money penalty in the amount of $12 million to the Securities and Exchange Commission. Payment shall be made in the following installments: $2 million due within 10 days of entry of this Order and $10 million due no later than September 30,

2023. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Compass as Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Melissa R. Hodgman, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalty and interest referenced in paragraph B above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

D. Respondent shall comply with the undertakings enumerated in paragraph 51 above.

By the Commission.

Vanessa A. Countryman
Secretary