

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 102301 / January 28, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-21145

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| In the Matter of | : | ORDER APPROVING |
| | : | PLAN OF DISTRIBUTION |
| Compass Minerals International, | : | |
| Inc., | : | |
| | : | |
| Respondent. | : | |
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On September 23, 2022, the Commission issued an 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 (the “Order”)¹ against Compass Minerals International, Inc. (the “Respondent”). In the Order, the Commission found various disclosure violations. 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.

Compass calls its Goderich salt mine in Canada the “crown jewel” of its asset portfolio. 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. 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.

¹ Securities Act Rel No. 11107 (Sept. 23, 2022).

Compass did not disclose these facts, which substantially undermined Compass's statements about the upgrade.

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

Finally, 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).

The Commission ordered the Respondent to pay a \$12,000,000.00 civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected can be distributed to harmed investors (the "Fair Fund").

The Respondent has paid in full. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

On December 3, 2024, the Division of Enforcement, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment ("Notice"),² pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules");³ and simultaneously posted the Proposed Plan of Distribution (the "Proposed Plan"). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission's public website or by submitting a written request to Devon Brown, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received no comments on the Proposed Plan during the comment period.

² Exchange Act Rel. No. 101800 (Dec. 3, 2024).

³ 17 C.F.R. § 201.1103.

The Proposed Plan provides for the distribution of the Net Available Fair Fund⁴ to investors who were harmed, by the Respondent's conduct described in the Order, in connection with various disclosure violations. As calculated using the methodology detailed in the Plan of Allocation attached as Exhibit A to the Proposed Plan, investors will be compensated for their losses on shares of Compass common stock that were purchased or acquired between March 2, 2017, and October 22, 2018, inclusive, due to the misconduct of the Respondent.

The Division of Enforcement now requests that the Commission approve the Proposed Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission's Rules,⁵ that the Proposed Plan is approved, and the approved Plan of Distribution shall be posted simultaneously with this order on the Commission's website at www.sec.gov.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁶

Vanessa A. Countryman
Secretary

⁴ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

⁵ 17 C.F.R. § 201.1104.

⁶ 17 C.F.R. § 200.30-4(a)(21)(iv).