



# Department of Justice

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The Department of Justice announced today that it will file a civil antitrust suit -- together with a consent decree that would end the suit -- challenging the proposed tender offer acquisition by Waste Management, Inc., of SCA Services, Inc. The proposed consent decree would resolve the alleged antitrust violations by requiring the prompt divestiture of about 40 percent of SCA's revenue-producing operations to a third party, Genstar Corporation.

Attorney General William French Smith said the suit and proposed decree were filed in U.S. District Court in the District of Columbia.

Waste Management, Inc., headquartered in Oak Brook, Illinois, is the largest waste management company in the United States and provides waste management services in at least 33 states. In 1983, its revenues were approximately \$1.03 billion and it ranked first in revenues in both solid waste and hazardous waste management.

SCA Services, Inc., headquartered in Boston, is the third largest waste management company, with operations in at least 28 states. On a revenue basis, it ranks third with regard to solid

waste management services and fourth in hazardous waste. In 1983, it had revenues of approximately \$391 million.

Genstar Corporation is a diversified Canadian company headquartered in San Francisco, California. Its 1983 revenues were approximately \$1.46 billion (U.S.). Through a United States subsidiary, it is engaged on a small scale in the waste management services business in the western part of the United States. Genstar's existing operations do not compete with any of SCA's waste management services.

The suit alleges that the proposed acquisition would violate Section 7 of the Clayton Act because it may substantially lessen competition in the collection of solid wastes, principally trash and garbage, in 19 metropolitan areas: Akron, Ohio; Atlanta, Georgia; Boston and North Shore, Massachusetts; Camden, New Jersey; Dallas and Fort Worth, Texas; Dayton, Ohio; Denver, Colorado; Grand Rapids, Detroit and Muskegon, Michigan; Los Angeles and San Diego, California; Phoenix, Arizona; St. Louis, Missouri; West Palm Beach and Tampa, Florida; and Washington, D.C.

The suit also alleges that the acquisition will violate Section 7 in solid waste disposal markets in Louisville, Kentucky, and Fort Worth, Texas, and in hazardous waste landfill markets in the Southeast and portions of the Midwest.

It also alleges that the acquisition would violate Section 7 in a national market for large municipal contracts and franchises.

Acting Assistant Attorney General Helmut F. Furth said the proposed consent decree would permit the tender offer to be consummated, but would require prompt divestitures to Genstar of operations in all of the markets in which violations are alleged.

Genstar will purchase:

-- 26 SCA solid waste collection operations, five solid waste landfills and two proposed solid waste landfill sites;

-- SCA's Pinewood, South Carolina, secure chemical landfill;

-- Waste Management's proposed secure chemical landfill in Northwood, Ohio, and

-- SCA's Triangle Resources, which operates hazardous waste transfer stations and is active in the hazardous waste remedial clean-up business.

Also to be divested are a proposed hazardous waste treatment/incineration site in Laurinburg, North Carolina, and any transferable interest SCA may have in a joint venture agreement with Stolt-Nielsen, Inc., a potential entrant into the ocean-based incineration of hazardous waste.

Furth explained that these divestitures will resolve the antitrust concerns that would otherwise be raised by Waste Management's acquisition of certain of SCA's operations in the same geographic areas served by Waste Management. The proposed decree would also enhance Genstar's ability to become a fully integrated provider of hazardous waste management services and to

compete with Waste Management on a national scale in bidding for municipal contracts and franchises.

The proposed consent decree also requires that for a period of five years Waste Management must give the Department of Justice advance notice of significant acquisitions of firms providing waste management services.

It further prohibits Waste Management for a period of five years from acquiring a significant ownership interest in hazardous waste landfills or in incinerators designed to burn polychlorinated biphenyls, carcinogenic substances whose commercial use is now prohibited by law but large quantities of which remain to be disposed of.

The proposed consent decree would be entered against Waste Management and a subsidiary formed by it for the purpose of acquiring SCA.

Genstar has by stipulation agreed to be bound by certain provisions of the consent decree. Furth pointed out that the Department is not claiming that Genstar is or would be in violation of the antitrust laws by virtue of its acquisition of the SCA businesses to be divested by Waste Management. The Department required Genstar to give its formal adherence to the consent decree solely in order to ensure that the court entering -- that is, approving -- the decree will have full and effective power to take all steps needed to carry out the purposes of the decree.

Assistant Attorney General J. Paul McGrath has disqualified himself from this matter.

In accordance with the Antitrust Procedures and Penalties Act of 1974, a competitive impact statement regarding the proposed judgment will be promptly filed with the court. Copies of this statement and the proposed decree will be available on request in the Legal Procedure Unit, Room 7416, U.S. Department of Justice, Washington, D.C. 20530. They will also be available for inspection in the office of the Clerk of the U.S. District Court for the District of Columbia.

Comments to the Department and to the court regarding the judgment are invited from members of the public within 60 days from the filing of the proposed final judgment. They should be directed to John W. Clark, Chief, Special Trial Section, Antitrust Division, U.S. Department of Justice, Washington, D.C. 20530.

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