



Department of Justice

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**SARA LEE WILL PAY RECORD \$3.1 MILLION CIVIL PENALTY FOR
VIOLATING ANTITRUST PREMERGER NOTIFICATION REQUIREMENTS**

WASHINGTON, D.C. -- Sara Lee Corporation will pay \$3.1 million, the largest civil penalty any company has ever paid for violating antitrust premerger requirements. The company acquired more than \$15 million in U.S. shoe care product assets from London based Reckitt & Colman plc in 1991 and avoided notifying federal authorities in order to evade antitrust scrutiny, said the Department of Justice.

The Department's Antitrust Division filed a civil antitrust suit and proposed settlement today in U.S. District Court in Washington, D.C., against Sara Lee for violating Hart-Scott-Rodino Act antitrust notification requirements. The proposed consent decree, which must be approved by the court, would settle the suit with Sara Lee paying the highest civil penalty to date for a violation of the Hart-Scott-Rodino Act.

Sara Lee, headquartered in Chicago, is a multinational consumer packaged goods company engaged in the shoe care products industry in the U.S. under its Kiwi Brands Inc. subsidiary.

The complaint, filed at the request of the Federal Trade Commission, alleges that officials of the Sara Lee subsidiary, Sara Lee/DE NV of The Netherlands, negotiated the acquisition without making premerger Hart-Scott-Rodino filings because they

were concerned that the Department of Justice or the FTC would challenge the acquisition under the antitrust laws.

"The law is clear and simple. So is Sara Lee's violation," said Assistant Attorney General Anne K. Bingaman, in charge of the Antitrust Division. "Without the necessary information on proposed acquisitions, we can't protect consumers from anticompetitive transactions. And sadly, Sara Lee flouted its legal requirements in order to frustrate legal scrutiny."

In the 1991 acquisition, Sara Lee acquired shoe care product assets of Reckitt & Colman in the U.S. and U.K. for approximately \$25.8 million. According to the complaint, Sara Lee, despite valuing the U.S. assets substantially more than the U.K. assets, split the total \$25.8 purchase price into two contracts with approximately the same purchase price for each--\$13.1 million for the U.S. assets and \$12.7 million for the U.K. assets. The Department said that Sara Lee did not determine in good faith the fair market value of the U.S. assets as was required by the rules, and the fair market value exceeded \$15 million.

At the time of the acquisition, Sara Lee had a market share of approximately 90 percent of shoe polish sold through mass marketers, and Reckitt & Colman, with its Griffin brand, was one of the few remaining competitors.

Bingaman said that the Department's Antitrust Division and the Federal Trade Commission share a strong commitment to ensure that companies comply with the Hart-Scott-Rodino antitrust notification requirements, and will continue to seek substantial civil penalties for violations of the Act.

The Hart-Scott-Rodino Act of 1976, an amendment to the Clayton Act, imposes notification and waiting period requirements on individuals and companies over a certain size before they consummate acquisitions of stock or assets over a certain value or ownership percentage.

Under the Act and the rules implementing the Act, premerger antitrust reporting would not have been required of Sara Lee if the fair market value of the U.S. assets being acquired did not exceed \$15 million.

The Act permits a federal court, upon the Department's request, to assess a civil penalty of up to \$10,000 for each day a person is in violation.

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