

December 3, 2015

Steel Not Steal!

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CCAA Court Declares U.S. Steel Has Right to Prove It Owes Money to Itself

Justice Herman Wilton-Siegel ruled on November 25 that U.S. Steel has the monopoly right to prove it loaned money to itself and now wants it back from itself. The ruling under the monopoly-controlled *Companies' Creditors Arrangement Act* (CCAA) swept aside objections from the province of Ontario and others. If U.S. Steel's debt to itself is upheld as coherent, it would come ahead of others, if and when U.S. Steel's Canadian assets are liquidated. USS says the Canadian debt to itself amounts to \$2.2 billion, which would leave little or no money for others.

Many question the coherence of a company claiming a debt to itself, but sadly coherence is not high on the agenda of the CCAA, which is a Wild West Show dominated by powerful private interests. Where monopoly right is concerned coherence is of no consequence only the self-serving dictate of power and class privilege.

The CCAA judge wrote, "It cannot be disputed that a settlement of the USS claims would go a considerable way toward a determination of all claims." Of course it would! If settled in U.S. Steel's favour, and no reason exists that the judge will rule any other way; it would basically eliminate all other claims!

USS made the unsubstantiated assertion that without ruling in favour of its Canadian subsidiary owing its sole owners \$2.2 billion, the sale of Hamilton and Nanticoke steel mills as going concerns is doomed.

Judge Wilton-Siegel agreed wholeheartedly writing, "In this case the objecting parties have not provided any persuasive evidence that a determination of the USS Claims, in particular the validity of the secured USS Claims, would not provide some certainty that would assist prospective bidders"



Three cheers for certainty that the proceeds from selling the assets will be stolen by U.S. Steel!

USS also wants a favourable ruling because it would give it undisputed control of the CCAA process and disbursement of assets. The judge made this clear in his ruling saying that determining the USS claims could affect voting on a final restructuring plan, the distribution of assets, appointment of a receiver or liquidator of the company or for a proposed purchase.

U.S. Steel's appointed chief restructuring officer for the CCAA Bill Aziz supported the USS motion saying (again without proof because it is confidential and sensitive business information that the actual producers and those directly affected have no right to know) that not settling the USS claims has already convinced one potential buyer not to bid for the Stelco mills. Also, Aziz said, it could hobble any future effort to sell the plants by making it unclear how much money might be available to settle pension and health benefits claims.

"A buyer of this business is concerned about labour relations and starting off on the right foot with its employee base and wants to maximize what is available for them," he said.

"They need to understand based on their bid how much money from their bid is available for those parties as opposed to how much is going to go to USS, and the claims determination is fundamental to that."

It is so heartwarming to know that U.S. Steel's man in charge of the CCAA fraud is concerned about "labour relations" and that any buyer should start off "on the right foot with its employee base." Wow, Aziz can sure talk the talk but his USS boss sure can't walk the walk. Stelco steelworkers can attest with evidence that exactly the opposite of U.S. Steel's "labour relations" is needed for any new Stelco. If any potential new company, including a public enterprise wants to "start off on the right foot with its employee base" then U.S. Steel should be excluded from any negotiations and kept as far away as possible with absolutely no input.

Of course, the judge dismissed all objections to U.S. Steel's demands. According to court documents those objections include: The USS claims are really an effort to recover the cost of buying Stelco in 2007; the security given to USS for those claims "should be invalidated on the grounds of a fraudulent preference"; uncertainty over potential debts means nothing to possible

buyers of the mills -- their only concern is whether the company can be operated profitably in the future.

Wilton-Siegel said a trial to finalize U.S. Steel's debt claim would not take place "before the end of January," which suggests the outcome is not all that urgent. The lack of urgency was also evident in an application by U.S. Steel's wholly-owned Canadian subsidiary asking for an extension of the CCAA process because a new sales process is not expected to begin until May 31, 2016 and any binding offers are not due until October 31.

The Canadian working class is outraged by the fraudulent CCAA process. The Workers' Opposition demands a new direction to keep Stelco producing and remove U.S. Steel from all business in Canada until it has fully funded Stelco's pension plans as it promised in 2007 and paid restitution for all its crimes in wrecking Stelco and attacking steelworkers, salaried employees and Canada's steel communities.

Keep Stelco producing!

Fight for a new Stelco that serves the Canadian economy and nation-building, and upholds the rights of workers!



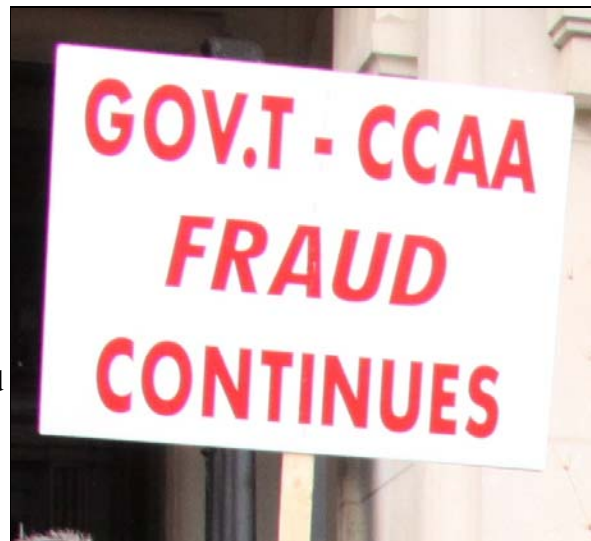
Essar Steel Uses CCAA to Suspend Its Pension Fund Payments

The steel industry in Canada and the U.S. is in disarray. The ruling capitalist elite continue pushing the old capital-centred direction stumbling from crisis to crisis. Essar Steel Algoma and U.S. Steel are both under the monopoly-controlled *Companies' Creditors Arrangement Act* (CCAA), Essar for the third time in recent history and U.S. Steel (Stelco) for the second time.

The CCAA process is not meant to resolve the basic contradictions buffeting the industry and find a new pro-social direction. Those in control of the companies use the CCAA to protect their private interests primarily against the working class but also against creditors and competing imperialist predators.

U.S. Steel is using the CCAA to renege on its social obligations towards Stelco pensioners, steelworkers, the municipalities and province, and to steal whatever it can from liquidating the Canadian mills, other assets and land.

Amongst other things, Essar Steel is using the CCAA to suspend payments into the employee Pension Plans. The Pension Plans are already seriously underfunded and incapable of meeting their obligations to retirees if wound up. A "special payment" into the funds was due on November 30, but Essar refused to pay saying it has the monopoly right to do so while under CCAA.



The Ontario Government allowed the "special payments" over a three-year period as part of pension regulatory concessions to Essar Steel in 2013. The government permitted the global steel monopoly to circumvent provincial pension law by extending until 2024 the five-year limit companies are given to make their pension funds whole. Refusing to pay the "special payments" as part of the CCAA fraud puts the 2024 date further in doubt and leaves the pension plans underfunded and retirees vulnerable.

Brenda Stenta, manager of corporate communications at Essar Steel Algoma, said the company has no choice under CCAA but to suspend the "special payments."

"The terms of the debtor-in-possession financing do not allow for this payment," Stenta writes in an email quoted by the *Sault Star*.

Deutsche Bank controls the debtor-in-possession \$200 million CCAA loan to Essar Steel and dictated its terms. Deutsche Bank also owns Essar Steel secured loans worth \$550,593,215, which according to the rules of the monopoly-controlled CCAA come well before pensions and other obligations to workers and small creditors, if Essar Steel Algoma is sold or liquidated and its assets disbursed.

The Canadian economy needs a new pro-social direction towards nation-building not the wrecking now grossly evident in the steel industry. Join the Workers' Opposition in building a powerful front for a new direction. Together we can deprive monopoly right of the power to deprive the working class of its right to build the nation.

(With files from Sault Star)



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