



RG Steel reportedly has bidders for Sparrows Point

Mikulski opposes bonuses for company executives

By Steve Kilar,

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Several companies have bid on bankrupt RG Steel's Sparrows Point mill, according to a source with knowledge of the bankruptcy proceedings.

U.S. steel firm Nucor Corp., Ukrainian mining and metallurgy company Metinvest Group, and Brazilian steel giant CSN are among potential bidders on the Baltimore County steelmaking site, according to a source who declined to be named because the bid process is confidential. Bids were due by noon Wednesday. The bidders' interest was first reported by the Baltimore Brew news website.

RG Steel, which filed for bankruptcy protection at the end of May, must choose by Monday an initial bidder from the parties that have shown interest. An auction for the property will take place no later than Aug. 21.

Michael Locker, a New York steel industry consultant, said he was surprised by the report of Nucor's interest.

"Nucor doesn't buy unionized facilities," Locker said. Also, because Nucor is a major domestic steel producer, antitrust problems could arise if the company bought Sparrows Point, he said.

But, Locker said, the North Carolina-based company has the money to buy and operate Sparrows Point, and a Mid-Atlantic port would be useful for the firm.

CSN's reported bid is not surprising, he said. The company showed interest in Sparrows Point five years ago, when the mill's owner was forced by the U.S. Justice Department to sell the property as part of an antitrust settlement.

"They have an appetite; they have the money," Locker said of the Brazilian company. Like CSN, Metinvest is also a major player in the international steel market, Locker said, with access to the raw materials required to run a mill like Sparrows Point.

Neither RG Steel nor the three prospective bidders responded to requests for comment Thursday. The federal trustee overseeing RG Steel's bankruptcy referred inquiries about bids to RG Steel's counsel, who did not respond to a request for comment.

On Thursday, Sen. Barbara A. Mikulski announced she was co-sponsoring a bill to limit excessive compensation for executives of bankrupt companies. Her announcement followed last week's decision by the federal bankruptcy judge overseeing RG Steel's case to allow the company to pay multimillion-dollar bonuses to 10 executives. The company's request outraged elected officials and was criticized by the U.S. Trustee Program, a division of the Department of Justice that oversees bankruptcy administration.

"It is outrageous and unacceptable for executives to reward themselves with bonuses while laid-off workers are struggling to make ends meet," Mikulski said.

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