

Mercantile's role in the liquidation of Alert Steel heads to court

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Mercantile Bank's role in the liquidation of Alert Steel is heading to court, with plaintiffs, including ArcelorMittal, demanding R351m damages, Fin24 reported on Monday, 10 July.



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Soon after JSE-listed Alert Steel applied for business rescue in May 2014, the appointed business rescue practitioner, Zaheer Cassim, issued a statement complaining that creditor Mercantile Bank had seen to "all stores being locked down and staff being denied access to the various premises".

Cassim said Mercantile was blocking any reasonable prospect of rescuing Alert, and he was therefore applying for the company to be liquidated.

The plaintiff's counsel Wim Trengove SC and Emmanuel Limberis SC filed papers in the High Court in Johannesburg on Friday, accusing Mercantile Bank of conspiring with the owner of West Lake Trade and Investments, Rayhaan Hassim, to liquidate Alert Steel at the expense of other shareholders.

The papers filed against Mercantile Bank say it "conspired to devise and implement a scheme to transfer the plaintiff's

business and all its assets to a new company held by Mr Hassim (West Lake); to pay the plaintiff's loan liability to Mercantile Bank in full; and to put the plaintiff in liquidation".

Mercantile told Fin24 it believed the summons it received on Monday morning was fraught with factual inaccuracies.

Source: BDpro

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