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RusAl Clash Could End Up in Court

By Irina Filatova

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The shareholder spat within United Company RusAl might end up in court, as billionaire Viktor Vekselberg, who has resigned as its chairman, is considering filing a lawsuit against the aluminum giant over allegations that he had failed to perform his duties as head of its board of directors, his spokesman said Wednesday.

The information that Vekselberg hadn't participated in board meetings in the last year and that the board had discussed a possible change of chairman, which were made public by RusAl after his resignation, "doesn't correspond to reality," said Andrei Shtorkh, a spokesman for Vekselberg's Renova Group.

"Vekselberg is thinking of filing a lawsuit against RusAl," he told Reuters.

Bringing the clash to court would negatively affect RusAl because it would damage the company's public image, Alfa Bank analyst Andrei Lobazov said.

Meanwhile, RusAl argued Wednesday that the information on Vekselberg's attendance at

board meetings "is not a personal judgement" and could be confirmed by transcripts of those meetings.

The company plans to disclose this information in its financial statement to be released Monday, it said on its website.

If it goes to court, the transcript of the meetings could be used as evidence, said Andrei Goltsblat, managing partner at Goltsblat BLP. The testimony of witnesses who could specify the people participating in the shareholders meetings might also be used, he said by telephone.

Vekselberg could sue RusAl for defamation, but if the lawsuit is filed in Russia it might be "not easy" to win because a legal entity cannot be accused of libel according to current legislation, Goltsblat said, adding that another option might be to file a lawsuit over damage to business reputation.

The lawsuit could be filed in a foreign court in the next several days, after necessary preparations are completed, Shtorkh said, RIA-Novosti reported.

A longtime clash between the billionaire owners of the world's largest aluminum maker took a dramatic turn earlier this week when Vekselberg stepped down from the board, accusing RusAl's management of drawing the company into a "deep crisis" and leaving it with a huge debt.

RusAl chief executive Oleg Deripaska, who owns a controlling stake in the aluminum producer through his En+ holding, denied the accusations shortly after the announcement, saying there's no crisis in the company but that it's facing "a rather complicated market situation."

RusAl might cut output by 6 percent in the next year and a half amid falling aluminum prices, Deripaska told Bloomberg in January.

Aluminum slumped to $1,962 per ton in December after peaking at $2,842 per ton in March last year. The metal is currently trading at about $2,200 per ton on the London Metal Exchange.

But "there's no reason for despondency," Deripaska said.

"I wouldn't recommend any shareholders sell [shares] or rush to conclusions," he told journalists during a conference call late Tuesday, Interfax reported.

He said, however, that other shareholders of the aluminum company had repeatedly approached Vekselberg, who owns 15.8 percent in RusAl jointly with U.S.-based businessman Len Blavatnik through their SUAL Partners, to sell the stake.

But Vekselberg has rejected the offers to hike the asset's price, Deripaska said.

Shtorkh said Wednesday that SUAL Partners hadn't received any official offers and hadn't negotiated a stake sale with any of the shareholders.

Even if SUAL decides to sell the stake, it would be hard to find a buyer, Alfa Bank's Lobazov

said.

Other big RusAl shareholders are unlikely to increase their stakes because it wouldn't result in them getting more weight in the company, as it's Deripaska who has the final say, Lobazov said by telephone.

Deripaska's En+ holding owns 47.41 percent in RusAl, while Mikhail Prokhorov's Onexim Group and Swiss-based commodity trader Glencore hold 17 percent and 8.75 percent, respectively.

Deripaska insisted that En+, as the majority owner, should have a priority right to buy the stake if Vekselberg decides to tender it, but he said selling SUAL's shares to a third-party investor is unlikely.

RusAl resumed trading in Hong Kong and Paris on Wednesday after it had been suspended on the company's request following Vekselbeg's resignation.

But investors remained wary of the situation in the company, whose global depository receipts slumped more than 4 percent on the Hong Kong Stock Exchange to close at 5.87 Hong Kong dollars Wednesday, underperforming the Hang Seng Index.

RusAl's Russian depository receipts fell 2.5 percent in Moscow to close at 225.2 rubles Wednesday, while the benchmark MICEX Index rose 1.2 percent to 1,631 rubles.

The outcome of the board meeting, which is slated to consider the candidacy of a new chairman Friday, could increase investor optimism, Lobazov said.

Deripaska said Vekselberg could be replaced by one of RusAl's five independent directors, who include former U.S. Ambassador to Britain Philip Lader, chairman of the Hong Kong Mercantile Exchange Barry Cheung and first deputy chairman of Vneshekonombank Anatoly Tikhonov.

The final decision on who will take over after Vekselberg is likely to be made Friday, Deripaska said.

"The chair won't even get cold," he said.

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