
Recession reports - Concord Steel files for bankruptcy

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Tribune Chronicle reported that Concord Steel Inc has voluntary filed for Chapter 11 bankruptcy protection Monday.

The filing in Cleveland occurred after Concord was unable to further amend its credit agreement as customers cut their demand for the company's products during unprecedented market changes of the ongoing recession.

A hearing was held late Monday afternoon in bankruptcy court in Youngstown to maintain existing bank accounts, continue utility service, continue to pay employees and other first-day motions.

Mr Al Weggeman CEO of Concord Steel Inc in a statement said that Concord over the past year has continued to be adversely affected by the steep drop off in purchasing for the global infrastructure, construction, and residential markets as a result of the global financial crisis.

He said that "The company also has been unable to obtain the necessary credit to continue operations, despite attempts to negotiate modifications to its credit agreement to account for the reduction in demand. As a result, after careful consideration, it was determined that a Chapter 11 filing by Concord was a necessary and prudent step."

He said some of Concord's customers recently have unexpectedly announced the closing or suspending of operations at their fabrication facilities.

He added that "Concord has taken broad based cost cutting measures, including a 75% reduction in our work force, consolidating operations as well as cutting salaries."

The company, which makes the weights for elevators, cranes and other equipment tied to the weakened construction industry, employs about 45 hourly and salaried workers at its Warren operations but has nearly 80 on layoff

Mr Paul Vesey president of Concord Steel Inc said that "The company has idled a total of about 300 workers and permanently closed its Philadelphia operation on August 15. But it still is operating in Chicago."

The company represents a substantial amount of the assets of its parent, Stamford Industrial Group according to a company news release. Stamford said it wasn't included in the filing.

Chapter 11 permits reorganization under the US Bankruptcy Code.

(Sourced from Tribune Chronicle)

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