

# Balli Group receives apology and undisclosed damages from WestLB



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Industry: [Law](#)

Bloomberg Markets has carried an article confirming that WestLB paid undisclosed damages and issued a letter of apology to Vahid Alaghband and Balli Group plc.

Former WestLB CEO Alexander Stuhlmann told [Vahid Alaghband](#) the bank regretted the hardships to him and [Balli](#).

"You have always acted professionally and honourably in your dealings with WestLB," Stuhlmann said in a letter that Alaghband received in November. "From our point of view, there are no obstacles to establishing business relations with your group."

The 'Alaghband's Nightmare Ends' article states that in November 2008, WestLB offered an undisclosed financial settlement and agreed to withdraw allegations of credit fraud levelled at [Balli Group](#) in connection with its takeover of Kloeckner & Co AG in 2001. The WestLB allegations led to the arrest and investigative custody of Alaghband in 2003 by German authorities. He was released after 11 months without charge.

Bloomberg states that Vahid Alaghband, Chairman of Balli Group Plc, had to wait seven years to close the book on his failed takeover of German steel trader Kloeckner & Co. and to try to put the acquisition that cost him 11 months in jail behind him.

[Balli Steel](#), Alaghband's London-based steel trading company, bought Kloeckner for 1.1 billion euros (\$1.42 billion) in 2001.

Alaghband's partner in the deal, WestLB AG, Germany's third-biggest state-owned bank, filed a criminal complaint accusing Alaghband of fraud. He was jailed in Zurich in 2003 and then transferred to Duisburg where Kloeckner was based. In May 2003, while he was behind bars and couldn't repay a €212.5 million loan, WestLB bought Kloeckner. BLOOMBERG MARKETS reported on the ordeal in "The Long Nightmare of Vahid Alaghband" (May 2005).

Following the reconciliation at the end of 2008, a joint statement was issued which said, "Kloeckner & Co Beteiligungs GmbH and the Balli Group of Companies are pleased to announce that they have reached an amicable settlement to the disputes with WestLB AG which arose from the sale of Kloeckner & Co AG to Balli by E.ON in 2001."

Balli is delighted that the seven year saga of misunderstandings and legal proceedings involving German trade unions, central and regional German state politicians, a plethora of international banking, investment and accounting consultants, and steel-trading tycoons - has now been settled and put to rest.

**Vahid Alaghband, Chairman of Balli Group**, commented: *"We are pleased with the outcome of this case, from which many lessons were learnt. This settlement is proof yet again of the wisdom that most business litigations launched on grounds of receiving justice and litigating on issues of principal eventually become a means for reaching the inevitable pragmatic peace. We believe that the financial settlement is a good one for us and avoids the need for the continuation of a costly multi-jurisdictional litigation by us. Most importantly for us as a family business with a long tradition of trading over three generations, we feel that the WestLB admission has finally set the record straight and confirms our contention throughout that we have always acted honourably and professionally in our dealings with our counterparts."*

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Editors

notes:

Case number: Landgericht Düsseldorf Gz.: 40 O 61 /05

### **About**

### **Balli**

### **Holdings**

Balli Holdings, established in 1982 is a private, multi-national corporation, headquartered in London, with offices around the world. Headed by Vahid, Hassan and Nasser Alaghband, Balli operates a number of affiliated companies specialising in commodity trading,

industrial, real estate and private equity with operations in over 20 countries. Balli's acquisition from utility company E.ON in 2000 of Germany's Kloeckner Steel Trade GmbH led, in 2001, to Balli's offer - with the financial backing of Credit Suisse and WestLB - for "senior" company Kloeckner & Co AG. Goldman Sachs had acted as M&A adviser Balli on the deal.

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