

Union members' contract vote will determine future of Crucible steel mill in Geddes

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James T. Mulder / The Post-Standard



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A New York City investment firm is poised to buy the bankrupt Crucible Specialty Metals steel mill in Geddes, shown in an aerial view.

A New York City firm that specializes in rescuing distressed companies is poised to buy the bankrupt Crucible Specialty Metals steel mill in Geddes if union workers approve a contract today.

Representatives from BlackEagle Partners LLC, an investment company headed by Le Moyne College graduate Michael D. Madden, reached a tentative agreement with three local steelworkers unions early Thursday morning, following marathon negotiations at a local hotel, union leaders said.

Some 550 union members -- the bulk of Crucible's 693-member local work force -- will hear details of the proposed contract today at a noon meeting at Pensabene's Casa Grande banquet hall, in Syracuse. Then they will vote on it, said Richard Knowles, subdistrict director for United Steelworkers of America.

Knowles said the vote likely will decide whether the 139-year-old company survives. "This is it, this is all," Knowles said. "It's kind of an important vote -- not only for us, but for Central New York -- if we can save this operation from going down."

BlackEagle is also seeking aid from New York state.

Crucible, which entered bankruptcy proceedings in May, has been trying to sell its facilities here and in Pennsylvania to settle more than \$70 million in debts. The company recently found a buyer for its specialized steel plant and research facility near Pittsburgh, but has been scrambling to sell the Geddes factory before a bankruptcy auction later this month.

Enter Madden, a Buffalo native who graduated magna cum laude from Le Moyne in 1971 and has retained close ties to Central New York. Madden, 60, is the managing partner of BlackEagle Partners, a private equity firm he started with three partners in 2005.

Madden has spent 35 years on Wall Street. Among other jobs, he led investment banking at Kidder, Peabody & Co. and served as vice chairman of PaineWebber Inc. From 1999 to 2005, Madden was a senior partner at Questor Management Co., a firm that buys and fixes troubled companies.

BlackEagle, which manages a \$200 million investment fund, has been looking for opportunities in Central New York for at least a year. In October, Madden hosted a cocktail reception for 100 business leaders at the Century Club to broadcast his interest.

Soon after Crucible filed for Chapter 11 bankruptcy, Madden called to express interest in buying the steel mill, said Knowles, the union leader. BlackEagle was among 58 companies that expressed early interest in buying some part of Crucible's business, but the only one to follow through with plans to bid on the Geddes mill, Knowles said.

Before BlackEagle submits a firm purchase offer in bankruptcy court, company officials have said they need a new union contract and assistance from New York state, Knowles said.

Representatives from Empire State Development Corp., the state's economic development agency, declined to say what assistance the state might provide. "We are working with the company, but do not comment on pending negotiations," said Elizabeth Mitchell, speaking for the agency.

Union officials declined to disclose details of the proposed contract until they discuss it with members.

Knowles and other union leaders spent all day Tuesday and Wednesday at the airport Best Western hammering out the tentative deal with BlackEagle. Madden did not take part, but one of his partners, former University of Chicago economist J.W. Henry Watson, was there. "We didn't get done until two in the morning," Knowles said.

Jason Kline, a millhand at Crucible for nine years, said rumors are circulating among workers that the proposed contract

Who is Michael Madden?

The managing partner of the company trying to buy the Crucible steel mill in Geddes has strong ties to Central New York.

- Le Moyne College: Madden donated \$1 million to his alma mater in 1997 to create the Madden Institute for Business Education, which brings in speakers and provides mentoring, among other activities. Madden, a former chair of the Le Moyne board of trustees, typically visits campus several times a year, said Jason Feulner, director of the Madden Institute.

- Turn-around specialist: Madden's firm, BlackEagle Partners LLC, has bought other distressed companies, including Rockford Products LLC, a Rockford, Ill., automotive parts manufacturer. It was acquired in 2007 as part of a bankruptcy proceeding.

Other BlackEagle acquisitions include:

- Eurodesign Cabinets, of Chino, Calif., which was acquired in an out-of-court restructuring in 2008.

- Instar Services Group, of Fort Worth, Texas, a disaster response and restoration company acquired in 2008.

- Federal Broach & Machine Co., of Harrison, Mich., a specialized manufacturing company acquired in 2006.

-- Tim Knauss

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includes pay cuts, higher costs for health insurance and a smaller work force. He had not seen any details as of Thursday, he said.

Madden declined to comment on the Crucible deal until after the union votes.

Darlene Kerr, president of the Syracuse Chamber of Commerce, said she talks regularly with Madden and has offered him any support he needs. "I am delighted that someone of his caliber is interested in this," Kerr said. "He's very interested in doing this deal and it would be great for the community if he can get it done."

Bidders have until Sept. 18 to submit purchase offers for all or part of Crucible's business, according to documents filed in U.S. Bankruptcy Court in Delaware. If there are multiple bids, an auction will be held Sept. 21.

Thus far, the only bid is from Carpenter Technology Corp., which submitted a \$20 million offer in late August to buy Crucible's compaction and research divisions in suburban Pittsburgh.

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