

New Crowell Recruits Secure British Steel Mandate

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By Hannah Roberts | May 23, 2019 at 05:25 AM



Crowell & Moring's new London recruits have bagged it a high-profile mandate advising the senior lenders of steel products business British Steel.

Three of the six partners that joined Crowell from Squire Patton Boggs earlier this year advised the senior lenders to British Steel on a £120 million short-term government bridge loan.

Finance partner Andrew Knight led the team, with restructuring partners [Cathryn Williams](#) and [Paul Muscutt](#) also advising. Knight joined in March, while Williams and Muscutt joined in February.

While at Squire, Knight had advised the same senior lenders – PNC Business Credit, ABN AMRO and Secure Trust Bank – when they financed the acquisition of British Steel by the company's current owner Greybull Capital from Tata Steel in 2016 and again in 2018 on securing a £90 million loan facility provided by U.S. fund White Oak.

British Steel fell into trouble in late March after the government did not provide more financing to the company.

Knight said the government's decision related to complex state aid rules. He added: "It would have been difficult for the government to put the loan in because it would have been forced to do so at the same rate as a commercial lender. A lender faced with a company in that position would have lent at very high interest rates.

"In a way, it wouldn't have solved the problem because the monthly interest payment would have been so high, it wouldn't have been clear that the company would have been able to pay it. It would have gone back into default very quickly based on the cash flows we saw.

"There wasn't really a problem with capacity and we were willing to lend more, but it was too much interest load."

The Crowell team then worked to allow the release of funds by the three asset-based lenders to finance British Steel's entire payroll to ensure that its employees were paid in May.

Clifford Chance is advising the government's official receiver which has taken over management of the company following its collapse. Restructuring partners Philip Hertz and Iain White are leading for the firm.

Big Four accountancy firm EY has been drafted in to assist the official receiver as special managers of the process.

British Steel employs around 4,500 people directly and as many as 20,000 more in its supply chain.

Hannah Roberts

Hannah joined Legal Week in May 2018 after finishing her degree at Kingston University. Her areas of focus are corporate, M&A, private equity and restructuring at UK and City-based US law firms.

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