

# Spyker sues GM over failed Saab takeover

August 6 2012, by TOBY STERLING

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(AP) — Spyker Cars NV, the tiny Dutch company that bought Swedish carmaker Saab from General Motors Co. for \$74 million in 2010, said Monday it is suing GM for \$3 billion in damages.

Spyker, along with its now-bankrupt former Saab subsidiary, alleges that GM unfairly blocked deals that would have seen a Chinese manufacturer take over Saab production and save it from bankruptcy. It says GM feared competing with Saab in China.

"We owe it to our stakeholders and ourselves that justice is done," said Spyker CEO Victor Muller. "We tirelessly worked to save Saab Automobile until GM destroyed those efforts and deliberately drove Saab Automobile into bankruptcy."

He told reporters on a conference call that the suit filed with the United States District Court of the Eastern District of Michigan could drag on for "years."

GM could not immediately be reached for comment. Business law professor Anthony Sabino of St. John's University said that at first glance, Spyker's suit was a long shot.

"GM is in a very strong position: all they need to do to show they were not the cause of Saab's bankruptcy is say, 'look at the recession, look at their sales figures.'"

But he didn't rule out that the smaller company could win on some points

and GM would eventually agree to some kind of out-of-court settlement.

"It would be way less than \$3 billion, and that may be all Spyker is angling for," he said.

Spyker said in a statement that it has entered a deal with Saab by which Spyker will pay for the litigation costs in exchange for a "very substantial share of Saab Automobile's award when the proceedings are successful." It said it had financial backing from an unnamed third party to see the lawsuit through to the end.

Saab's financial situation continued to deteriorate spiral under Spyker's ownership as consumers worried about buying cars from a maker that appeared likely to be out of business soon. The Swedish company eventually went bankrupt in late 2011. It is now being bought out of bankruptcy by National Electric Vehicle Sweden AB.

As part of the deal selling Saab, GM retained say over GM technology used by Saab — including the chassis of most of its models. It also kept \$326 million in preferred shares in Saab, with payments due to start several years after the sale, if Saab had turned profitable.

Spyker turned its first-ever profit in the first half of 2012 — due entirely to one-off profits from restructuring debt it couldn't repay. Saab never turned a profit under its oversight. When the takeover occurred in 2010, most analysts were extremely skeptical that Spyker would be able to turn Saab around, saying that Saab didn't have the quality to compete against high-end luxury cars, nor the volumes needed to compete in the upper-middle class market.

As Saab's financial position grew increasingly dire, Chief Executive Muller cast about for various buyers for Saab.

The lawsuit alleges that GM unfairly used its leverage over its own technology licenses to prevent the sale of Saab to a Chinese company, notably its ownership of chassis technology. But Spyker said one of the chassis was actually developed by Saab after it left GM.

Sabino of St. John's University said that with the limitations GM had specified in writing for the limits of its use of technology, it was in an extremely strong legal position to deny Spyker's claims.

"A deal is a deal, even if it is not favorable to one side, unless you can prove otherwise. And these are very sophisticated legal parties."

Proving "tortious interference," which is the formal term for what Spyker has accused GM of, goes way beyond showing that GM hindered Saab's survival by not agreeing to its takeover plans.

"You almost have to prove blackmail, intimidation, that kind of thing," Sabino said.

At his press conference Monday, Muller complained of GM's last-minute refusal to back a takeover of Saab by Zhejiang Youngman Lotus Automobile Co., Ltd.

"It's called sharp business," said Sabino. "It may not be nice, but it's certainly not illegal in this country."

He compared it with the situation where the financially troubled former Pan-Am airlines entered merger talks with Delta only to see Delta withdraw at the last moment, leaving Pan-Am with no alternative to bankruptcy. Delta then scooped the cream of Pan-Am's international assets up at a better price.

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Citation: Spyker sues GM over failed Saab takeover (2012, August 6) retrieved 19 April 2024 from <https://phys.org/news/2012-08-spyker-sues-gm-saab-takeover.html>

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