

City row as investors claim Phoenix being sold on the cheap to Swiss giant

A DAVID and Goliath [City](#) battle broke out today when minority [shareholders](#) in [Phoenix](#) Global Resources vowed to fight off a £200 million takeover deal from Mercuria, a Swiss commodity behemoth with sales of \$130 billion a year.

Phoenix, chaired by Sir Michael Rake, the City grandee who has previously led [BT](#), Easyjet and Great Ormond St Hospital, has accepted an offer at 7p a share, about the present share price.

Some shareholders fiercely object to the deal, claiming their rights have been trampled on and are heading to court.

They claim they waived certain rights as minority [investors](#) on the understanding that any deal for Mercuria would be valued at 33.5p, at least.

That would be closer to a £1 billion offer for Phoenix, which listed on AIM in 2014 and specialises in oil and gas exploration in Argentina, a potentially lucrative gambit.

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Since Mercuria has built up an 84% stake, overturning its wishes seems a longshot. The shares were 63p five years ago.

J. Stern & Co, a London and Swiss based investment house, says it will not be steamrollered and believes it has a good chance in court.

It claims shareholders are being squeezed out at a low price in defiance of proper corporate governance. It is taking advice from law firm Pallas.

Jerome Stern, the managing partner, is a descendent of Sir Herbert Stern, the banker who gave the money for the bronze with the four horses that sit on the top of Wellington Arch.

He said: "Phoenix has been run effectively as a private subsidiary of Mercuria, not as an independent AIM listed public company. This has clearly been done with the express objective of depressing the share price to enable Mercuria to acquire the minority holding at a significant discount, at a time and in a manner of its choosing."

Concern about the interests of minority shareholders in AIM shares being railroaded into deals they don't approve has been growing for a while.

Stern says there are legal governance and "unfair prejudice" issues that need pursuing as a matter of both principle and money.

The legal action is against Mercuria, Phoenix Global Resources and its directors.

Phoenix says that it is taking legal advice on the Stern action and "believes the claims that it alleges to be without merit".

The deal was likely to be approved at a general meeting today.

Mercuria is led by president and co-founder Daniel Jaeggi, who in ten years has built the business into a giant commodity to rival Glencore.

Mercuria has been contacted for comment.