

LME, Goldman Sued Over Aluminum Storage

The Associated Press

HONG KONG (AP) — The London Metal Exchange and Goldman Sachs are being sued in a U.S. court over alleged anti-competitive and monopolistic behavior in aluminum storage.

The metal exchange will fight the class-action lawsuit, which its management believes is without merit, the LME's owner, Hong Kong Exchanges and Clearing Ltd., said in a statement late Sunday.

Wall Street banks are facing increased scrutiny of their involvement in businesses that store and transport commodities such as oil and aluminum.

The LME and Goldman Sachs Group Inc. are named as co-defendants in the suit alleging "anti-competitive and monopolistic behavior in the warehousing market in connection with aluminum prices."

The lawsuit was filed Aug. 1 by lead plaintiff Superior Extrusion Inc., a maker of aluminum tubing and beams, in U.S. District Court for the Eastern District of Michigan.

A growing number of buyers have complained about rising metal prices stemming from long waiting times at warehouses.

To address those concerns, Goldman said last week that it is taking measures to make more aluminum immediately available to customers at its metal storage business, Metro International Trade Services, which operates under LME regulations.

The bank pointed out last week that "the overall delivered price of aluminum is down nearly 40 percent since its 2006 peak levels."

Hong Kong Exchanges, which operates the southern Chinese city's stock exchange, last year bought the LME, which approves and licenses a network of more than 700 metal storage facilities in 40 locations across the U.S., Europe and Asia.

Last month a U.S. Senate committee held a hearing into whether banks should be allowed to control power plants, warehouses and oil refineries.

JPMorgan Chase & Co. said last week that the possibility of new regulations was a factor behind its decision to consider selling some of its physical commodities business, which includes metals and energy. It has agreed to pay \$410 million to settle accusations by U.S. regulators that it manipulated electricity prices.

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