

STERLING CHEMICALS INC
Form SC 13D/A
June 25, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D/A

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO**

RULE 13d-2(a)

Amendment No. 2

Sterling Chemicals, Inc.

(Name of Issuer)

Common Stock, par value \$.01 per share

(Title and Class of Securities)

859166 10 0

(CUSIP Number)

Marc S. Kirschner

Resurgence Asset Management, L.L.C.

10 New King Street

White Plains, New York 10604

Telephone: (914) 288-8600

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

June 16, 2004

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box " .

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

(Page 1 of 10 Pages)

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Martin D. Sass

Resurgence Asset Management, L.L.C. (1)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ..

(b) ..

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) ..

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 2,561,381 (1)

8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY None

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON 2,561,381 (1)

10 SHARED DISPOSITIVE POWER

None

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,561,381 (1)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

x

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

63.5%

14 TYPE OF REPORTING PERSON*

IA

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

- (1) Resurgence Asset Management, L.L.C. (RAM) exercises voting and dispositive power over the Issuer s securities solely in RAM s capacity as the general partner and/or sole investment advisor of M.D. Sass Corporate Resurgence Partners, L.P., M.D. Sass Corporate Resurgence Partners II, L.P., and M.D. Sass Corporate Resurgence Partners III, L.P. (Resurgence I, II and III , respectively), the Resurgence Asset Management, L.L.C. Employment Retirement Plan (the Plan), and a separately managed account for a private corporation (the Account). Accordingly, RAM may be deemed to share voting and dispositive power with Resurgence I, II and III, the Plan and the Account. Mr. Martin D. Sass serves as Chairman and Chief Executive Officer of M.D. Sass Investors Services, Inc. (Sass Investors Services) Sass Investor Services is the sole member of RAM. In addition, funds which have invested side by side with funds managed by RAM and RAMI (as defined on the next page) beneficially own an additional 85,745 shares of the Issuer s Common Stock in the aggregate.

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Martin D. Sass

Resurgence Asset Management International, L.L.C. (1)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ..

(b) ..

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) ..

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 656,486 (1)

8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY None

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON 656,486 (1)

10 SHARED DISPOSITIVE POWER

None

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

656,486 (1)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

x

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

20.2%

14 TYPE OF REPORTING PERSON*

IA

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

- (1) Resurgence Asset Management International, L.L.C. (RAMI) exercises voting and dispositive power over the Issuer's securities solely in RAMI's capacity as sole special shareholder of and sole investment advisor of M.D. Sass Corporate Resurgence International, Ltd. Accordingly, RAMI may be deemed to share voting and dispositive power with M.D. Sass Corporate Resurgence Partners International Ltd. Mr. Martin D. Sass serves as Chairman and Chief Executive Officer of M.D. Sass Investors Services, Inc. (Sass Investors Services) Sass Investor Services is the sole member of RAMI. In addition, funds which have invested side by side with funds managed by RAM and RAMI beneficially own an additional 85,745 shares of the Issuer's Common Stock in the aggregate.

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Martin D. Sass

Re/Enterprise Asset Management, L.L.C. (1)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 1,419,428 (1)

SHARES 8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY None

EACH 9 SOLE DISPOSITIVE POWER

REPORTING

PERSON 1,419,428 (1)

WITH 10 SHARED DISPOSITIVE POWER

None

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,419,428 (1)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

x

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

37.8%

14 TYPE OF REPORTING PERSON*

IA

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

- (1) Re/Enterprise Asset Management L.L.C. (REAM) exercises voting and dispositive power over the Issuer's securities (a) as the sole investment advisor to two employee pension plans and (b) as general partner and sole investment advisor of M.D. Sass Re/Enterprise Portfolio Company, L.P. (Enterprise) and M.D. Sass Re/Enterprise II, L.P. (Enterprise II). Accordingly, REAM may be deemed to share voting and dispositive power with each of the pension plans, and Enterprise and Enterprise II. Mr. Martin D. Sass serves as Chairman and Chief Executive Officer of M.D. Sass Investors Services, Inc. (Sass Investors Services). Sass Investor Services is the sole member of REAM.

Item 1. Security and Issuer.

This Schedule 13D/A relates to Common Stock of Sterling Chemicals, Inc., a Delaware corporation (the Issuer). The Issuer's principal executive offices are located at 1200 Smith Street, Suite 1900, Houston, Texas 77002.

Item 2. Identity and Background.

(a) Names of Persons Filing:

1. Resurgence Asset Management, L.L.C. (RAM)
2. Resurgence Asset Management International, L.L.C. (RAMI)
3. Re/Enterprise Asset Management, L.L.C. (REAM)

(Each person listed above is a Reporting Person and collectively Reporting Persons)

(b) The address for each of the Reporting Persons is:

10 New King Street

White Plains, New York 10604

(c) The principal occupation of each of the Reporting Persons is that of investment advisor.

(d) - (e) None of the Reporting Persons, has, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he or it was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) The citizenship of each of the Reporting Persons is Delaware.

Item 3. Source and Amount of Funds or Other Consideration.

This Schedule 13D/A covers securities issued in connection with the Joint Plan of Reorganization under Chapter 11, Title 11, United States Code of Sterling Chemical Holdings, Inc., et al., Debtors, filed with the United States Bankruptcy Court, Southern District of Texas, Houston Division, on October 14, 2002, as amended (the Plan). The Issuer is the reorganized debtor under the Plan.

At the effective date of the Plan, December 19, 2002 (the Effective Date), the funds and accounts managed by the Reporting Persons received (1) 2,175,000 shares of Preferred Stock of the Issuer, convertible into 2,175,000 shares of Common Stock, for an investment of \$30,000,000; (2) 1,430,193 shares of Common Stock issued upon exercise of certain rights offered under the Plan to the holders of certain of the Issuer's debt securities for an investment of \$19,727,000 and in exchange for claims; and (3) 231,820 shares of Common Stock and 376,209 Warrants of the Issuer, convertible into 376,209 shares of Common Stock, in exchange for claims under the Plan. In addition, 24,666 shares of Common Stock were issued in connection with the merger of Sterling Chemicals Holdings, Inc. and Sterling Chemicals, Inc. pursuant to the Plan shortly before the Effective Date. Further, the Reporting Persons received 485,152 shares of Preferred Stock, convertible into 485,152 shares of Common Stock, from the Issuer in five separate share distributions in 2003 and 2004.

Item 4. Purpose of Transaction.

See Item 3.

None of the Reporting Persons has formulated any plans or proposals that relate to or otherwise result in any matter required to be disclosed in response to paragraphs (a) through (j) of Item 4 of Schedule 13D; however, as of the Effective Date of the plan of reorganization of the Issuer under Chapter 11 of the Bankruptcy Code, the board

of directors of the Issuer consisted of nine members, five of whom are employees of RAM, RAMI and REAM. The Reporting Persons intend to review on a continuing basis their investment in the Issuer and the Issuer's business affairs, financial position and prospects. Based on such evaluation and review, as well as the respective objectives of the Reporting Persons and the Issuer, other business opportunities available to the Reporting Persons and the funds and accounts they manage, general economic and industry conditions, and other factors that the Reporting Persons may deem relevant, the Reporting Persons may consider from time to time various courses of action of the types described in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) - (b) See Rows 7, 9, 11 and 13 of each cover page.

The percentages in Row 13 of each cover page are based on 2,825,000 shares of Common Stock that were outstanding as of April 30, 2004, as reported in the Issuer's Form 10-Q for the quarterly period ending March 31, 2004, plus, for each of the Reporting Persons, the number of Common Stock issuable upon exercise of each of such Reporting Person's Preferred Stock and Warrants.

The 4,723,040 shares of Common Stock beneficially owned by the Reporting Persons includes shares of Common Stock that the Reporting Persons have the current right to acquire upon conversion of shares of Preferred Stock of the Issuer and upon exercise of Warrants of the Issuer. As of June 16, 2004, funds and accounts managed by RAM held 1,407,263 shares of Preferred Stock, convertible into 1,407,263 shares of Common Stock, and 215,749 Warrants, exercisable for 215,749 shares of Common Stock; funds and accounts managed by RAMI held 380,813 shares of Preferred Stock, convertible into 380,813 shares of Common Stock, and 48,732 Warrants, exercisable for 48,732 shares of Common Stock; funds and accounts managed by REAM held 822,734 shares of Preferred Stock, convertible into 822,734 shares of Common Stock, and 105,282 Warrants, exercisable for 105,282 shares of Common Stock. In addition, funds which have invested side by side with funds managed by RAM and RAMI beneficially own 49,342 shares of Preferred Stock, convertible into 49,342 shares of Common Stock, and 6,446 Warrants, exercisable for 6,446 shares of Common Stock.

- (c) Except as described in this Schedule 13D/A, none of the Reporting Persons has effected any transactions in the Common Stock during the past 60 days.
- (d) No person other than those named in Item 2 is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

None.

Item 7. Material to be Filed As Exhibits.

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- Exhibit 1 Agreement as to Joint Filing of Schedule 13D/A
- Exhibit 2 Disclaimer of Beneficial Ownership

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: June 25, 2004

RESURGENCE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RESURGENCE ASSET MANAGEMENT
INTERNATIONAL, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RE/ENTERPRISE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

EXHIBIT INDEX TO SCHEDULE 13D/A

STERLING CHEMICALS, INC.

- | | |
|-----------|---|
| Exhibit 1 | Agreement between Resurgence Asset Management, L.L.C., Resurgence Asset Management International, L.L.C., and Re/Enterprise Asset Management, L.L.C., as to joint filing of Schedule 13D. |
| Exhibit 2 | Disclaimer of Beneficial Ownership by RAM, RAMI and REAM. |

EXHIBIT 1

AGREEMENT AS TO JOINT FILING OF AMENDMENT NO. 2 SCHEDULE 13D

Each of the undersigned hereby affirms that it is individually eligible to use Schedule 13D, and agrees that this amendment to Schedule 13D is filed on its behalf.

Dated: June 25, 2004

RESURGENCE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RESURGENCE ASSET MANAGEMENT
INTERNATIONAL, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RE/ENTERPRISE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

EXHIBIT 2

DISCLAIMER OF BENEFICIAL OWNERSHIP

Each of the undersigned disclaims beneficial ownership of the securities referred to in the Amendment No. 2 to Schedule 13D to which this exhibit is attached, and the filing of this Amendment No. 2 to Schedule 13D shall not be construed as an admission that any of the undersigned is, for the purpose of Section 13D or 13G of the Securities Exchange Act of 1934, as amended, the beneficial owner of any securities covered by this Amendment No. 2 to Schedule 13D.

Dated: June 25, 2004

RESURGENCE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RESURGENCE ASSET MANAGEMENT
INTERNATIONAL, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.

RE/ENTERPRISE ASSET MANAGEMENT, L.L.C.

By: /s/ Martin D. Sass
Martin D. Sass, Chairman and Chief Executive
Officer, M.D. Sass Investors Services, Inc.