

Ninilchik wins arbitration against Calista

The Associated Press

A Board of Arbitrators has perhaps put the Ninilchik Native Association back on a track to financial prosperity by ruling in favor of the association in a long-running financial dispute with Calista Native Association, one of the 12 Alaska Native Regional Corporations.

The board agreed to void an agreement the corporation had signed with Calista, setting the stage for the possible recovery of money the corporation needs as it struggles to avoid financial disaster.

Ninilchik, one of the state's 175 Native village corporations, has been struggling with powerful Calista since Ninilchik's June 1981 purchase of ESCA-Tech Corp. from Calista.

The Anchorage Times, quoting from legal briefs it said it obtained, reported that ESCA-Tech, which had been involved in surveying and related work largely for the government, had been losing money for years.

At the time of the transaction, the briefs said, both corporations agreed that ESCA-Tech losses incurred before April 1 of that year would be borne by Calista.

But in February of the following year, Ninilchik agreed to sign an addendum to the sales agreement in which Calista would pay \$183,802 to Ninilchik for losses attributable to ESCA-Tech if Ninilchik would agree that there would be no more demands for money.

Then, nearly a year later,

Ninilchik filed a claim saying the cost dispute would be settled through arbitration, alleging that Robert Steele, Ninilchik's former executive director, was tricked into signing the addendum.

Ninilchik claimed that actual losses resulting from its purchase of ESCA-Tech exceeded \$700,000 prior to the sale, far more than the \$182,802 Steele had settled for. Ninilchik also asked that the addendum signed by Calista

be voided and that Calista be forced to compensate Ninilchik for those losses under the terms of the original sales contract.

The arbitrators last week agreed. "We thought there was a lack of proper disclosure to Ninilchik of the extent of ESCA-Tech's problems," the board wrote.

The board said it would move on the matter of how much more Calista should be required to pay Ninilchik in damages.

The move will be a shot in the arm for Ninilchik, which has been suffering severe financial problems. Many of the villagers blame its weak financial situation on the acquisition of ESCA-Tech.

