

Doyon records \$21 million loss

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Tundra Times

Losses in all but two companies and business ventures started by Doyon Ltd. has led the Regional Corporation of the Interior Athabascans to declare a \$21.7 million loss for 1983.

The loss was reported in the Doyon Annual Report which came out last week but rumors of the loss have been circulating the state for some time.

According to the report, the total loss was \$21,279,584 for a per share loss of \$23.48.

According to a statement by the Certified Public Accounting firm which did the Doyon audit — Peat, Marwick, Mitchell of Anchorage — the loss could have been declared last year but was carried on the books as capitalizations in the hopes that the biggest loss would turn around.

That loss is from the Doyon's proposed refinery operation in Fairbanks which was planned and partially completed but then stopped because Doyon was unable to obtain the needed loans for the project.

According to the report, the refinery effort lost \$14,158,617. Doyon invested \$18,340,517 in the project in 1982, most of which were costs incurred from the construction contract.

Doyon's report stated that the project was started on the advice of a consulting company which said financing would be available. No financing came through, however, and Doyon's efforts made over the past two years to secure loans for the refinery project have failed.

The report states that hopes to build a refinery continue but the loss must be documented. Doyon is considering selling assets or obtaining a financing package to build the refinery. Doyon has a lawsuit pending against the consultants who advised the refinery project.

The second biggest loss was the Crazy Horse Hotel/construction camp facilities at Prudhoe Bay which lost \$4,742,843. That loss was blamed on the steady decline in construction activity by the North Slope oil refiners. Revenue from the hotel/camp in 1983 was \$730,295, down from \$2,291,696 in 1982 and \$3,341,426 in 1981.

(Continued on Page Fifteen)

Doyon records loss

(Continued from Page One)

Camp operations have been stopped and Doyon is trying to sell the camp, according to the report.

The report, giving information on the Doyon financial situation as of Oct. 31, stated that the corporation had only \$217,000 in cash on hand and one Doyon shareholder estimated monthly costs for the corporation at \$200,000. Another estimated at least \$300,000.

The corporation has loans totalling \$18,387,265 as of Oct. 31. Of that loan amount, \$10.25 million is from a \$15 million line of credit "with an (unnamed) commercial lender." That means that a bank had agreed to loan Doyon up to \$15 million. That credit is due for payment March 31, 1984 and Doyon's \$22 million in securities was used to pledge the line of credit.

Doyon Construction Co. showed a \$3,224,921 operating loss in 1983 compared with a \$492,899 loss in 1982 and a profit of \$103,951 in 1981. The report said large interest expenses and large general costs of running the business caused the loss.

Doyon Drilling earned a \$1,742,799 profit last year. Doyon Drilling has a drilling rig in the Kuparuk oil field under contract to ARCO Alaska. Arctic Resources Drilling Inc. earned \$1,088,951 this year, up from the \$1,060,700 in 1982. ARDI is involved in hard-rock mineral drilling.

The report has sent shock waves through the Doyon shareholder ranks and started talk of running a strong opposition slate to run against the five Doyon Board members up for re-election this year.

Board members up for re-election are: Claude Demientieff, Jr., treasurer of the board and director of Western Energy Company, a Doyon subsidiary; Donald V. Honea, Sr., Ruby, who serves on the board's budget and audit, and lands and resources committees. He is president of the Ruby Native Council and of the Dineega Corp., the Ruby village corporation.

Georgianna Lincoln, Fairbanks, sits on the shareholder relations committee, is a former secretary of the board, is a director of Baan o yeel kon, the village corporation of Rampart. She has been on numerous state and national education, health, judicial conduct, and equal opportunity boards and commissions;

Rosemarie Maher, Northway, is on the lands and resources committee. She is board secretary and is president of Northway subsidiary Naabia Niign, Ltd.

Ellie J. Stickman, Nulato, is a headstart aide and substitute teacher for Yukon-Koyukuk.

In his annual report statement, Tim Wallis explained the loss and said Doyon will be watching its subsidiary companies more closely in the future. He explained the problems with the refinery project and the construction company and said, "I cannot stress enough the importance of unity at this stage of the corporation's history. The directors and officers who lead this corporation during the next few years are going to have to make difficult decisions"

When contacted at his office Monday, Wallis promised to return the call but he never did.

The news of Doyon's problems were uppermost in the minds of many shareholders the weekend after receiving their annual reports. Rumors that five board members had resigned spread throughout the community and some shareholders are now talking of running an opposition slate.

criticism was aimed at Wallis himself whose term is not up until 1986. But talk of the political realities of unseating the standing board was discussed with some skepticism.

"But something's got to be done," concluded one shareholder. "It just isn't right."