

# Cook Inlet set for another loud annual meeting

By MARGIE BAUMAN

Shareholders of Cook Inlet Region, Inc. (CIRI), their annual meeting set for May 20 in Anchorage, are taking sides in a dispute over whether \$2 million received in a natural gas development option should have been claimed as income.

The placement of that \$2 million in the income columns of CIRI's annual financial report states company profits of more than \$500,000 for 1977. Dissident board member Donald Wright, the Alaska Independence Party's gubernatorial candidate, has charged that the financial statement issued by CIRI is false and misleading. In fact, the corporation actually lost almost \$1.5 million, Wright said.

Meanwhile, five other dissident shareholders filed suit last week, charging the management of CIRI with fraud, improper campaign practices, financial mismanagement and attempts at cover-up. Of those five, four are seeking seats on the CIRI board and the fifth is an incumbent not up for re-election. The dissidents, at press time, were waiting to hear if a Superior Court judge would grant their request for an order to cease and desist the alleged actions and for court-appointed observers at the election.

"All the allegations are baseless and false," said Roy Huhndorf, CIRI president. "It's a campaign gimmick on the part of Jerry Ward (dissident incumbent director) and his followers to bring before the public their falsehoods and half-truths which the state's truth-in-proxy-solicitation laws prevent them from doing. By filing a complaint these falsehoods and half-truths become public record," he said.

Dissidents seeking seats this year are Fred H. Bahr, Jessie Lanman, Frank Peratrovich and Anna Starforth. Wright is NOT listed in the suit.

George Kriste, vice president of administration for CIRI, says the disputed \$2 million was received through a complex contract. "We received \$2 million in 1977 as an advance that would be credited against the purchase of gas, starting sometime in 1982 or sometime thereafter, if the gas company decides to exercise the option," Kriste said. If they decide not to exercise the option, they have no other right, title or interest. If they exercise the option, they will always pay Cook Inlet Region the highest price in Cook Inlet for their gas at the time they take it and will apply that \$2 million as a credit against the future price."

But the dissidents point to a note in the financial statement prepared by the accounting firm of Peat, Marwick, Mitchell & Co. which states in part that "...the company has included as natural resource income \$2 million received pursuant to an agreement with Pacific Lighting Gas Development Company which, in our opinion, should be deferred in order to conform with generally accepted accounting principles. If this amount were deferred, total liabilities would be increased...and net income...would be decreased by \$2 million."

"It's an attempt at a cover-up," said Lanman. "It's all in the annual report, but how many people read the last page? They've got the net profit written down as \$519,196." Bahr said CIRI lied to shareholders.

Huhndorf countered there

were no lies, that the corporation is in good shape financially and that CIRI was justified in claiming the \$2 million as income.

As for the auditor's statement, Kriste said the accountants took the conservative view-

point that the corporation could choose to book the \$2 million as income for '77 or not, and that not to do so would be the normal practice "but there's absolutely nothing illegal in doing this and any allegation to that extent is absolutely false," he said.