

# Bering Straits Losses at \$26 Million

Shareholders of the Bering Straits Native Corporation, gathering in Nome this week for the corporation's June 10 annual meeting, will be told that their region lost in excess of \$21 million for the eighteen month period ending December 31. Together with previously declared losses, Bering Straits losses now total \$26 million.

This gloomy news is contained in the region's annual report, prepared by auditors from the accounting firm of Coopers and Lybrand. According to the report, BSNC lost \$15.5 million from subsidiaries which were abandoned or written off during the period. Operational losses from these subsidiaries totaled \$5.9 during the period. Companies remaining in business and Bering Straits Native Corporation itself recorded additional losses in excess of one-half million dollars.

BSNC's auditors suggested in the report that some question exists of whether the regional corporation will be able to survive the losses. Coopers and Lybrand wrote, "The ability of the Corporation to continue as an on-going concern is dependent upon the timely dismissal of the bankruptcy proceedings, achievement of the profitable operations, and alteration of the debt structure." One Bering Straits creditor, K.V. Beck of Seattle, filed involuntary bankruptcy proceedings against the regional corporation. Other litigation is pending.

BSNC Executive Director Richard L. Davis, quoted in the current issue of Nome's Bering Straits newspaper, stated that "it's going to be tough, it really is" to turn the corporation around. Davis, hired in January, attributed the losses to decisions and investments made in previous years. BSNC's Fairbanks Plaza Hotel and Nome Apartment projects have been discontinued. Bering Straits Construction Company, Mobat-Alaska, Life Systems, Alaska Truck Transport, Bering Straits Leasing and Bering Straits Equipment are among subsidiaries reported to be abandoned.

The annual report listed four goals currently established by BSNC. These include disposition of assets and payment of debts, improvement of communications with village corporations, pursuit of low risk investments which need little management oversight, and complete preparation for land conveyances.

Bering Straits president Martin Olson of Golovin told the shareholders that, despite the corporation's financial condition, none of the region's 2,250,000 acre land selection entitlement is in jeopardy. "With all of our financial difficulties, we have in no way obligated our land coming to us," Martin stated.

Bering Straits reports that it has received about \$16 million of the nearly \$44 million regional share under the Settlement Act. Much of the remaining amount is committed for existing loans and debts. About \$5 million of the total awaits the outcome of litigation involving money appropriated from the Native Fund for Council and St. Lawrence Island. If BSNC fails to win the litigation, its share of the Fund would be reduced by that amount.

For the eighteen month period included in the report Bering Straits lists assets of \$8,515,011 against liabilities of \$21,797,412. While in the past, BSNC obligated funds earmarked for village corporations for its own debts, Executive Director Davis told the Bering Straits newspaper that all village funds received after last July were placed into trust accounts to which villages have access. Davis told the newspaper that his job since recently joining BSNC has been "terribly challenging."