



History

The Alaska Commercial Fishing and Agriculture Bank (CFAB) was created through actions of the State Legislature in 1978 thru 1980. CFAB was created to address limitations to the access to credit by resident Alaska commercial seafood harvesters, processors and farmers. It is incorporated under, and is the sole subject of, a specific statute (today AS 44.81). Although that statute has been amended several times since 1980, its fundamental provisions remain intact.

The State of Alaska provided CFAB's initial capital through the purchase of \$32.0 million of Special Preferred Stock in 1980. That stock was later repurchased by CFAB through payments made to the State between 1991 and 1998; today CFAB is owned *100%* by its member/borrowers.

CFAB officially opened its doors on April 2, 1980. While it's earliest years were riddled with growing pains, not unlike those experienced by the industries it serves, CFAB spent most of the late 1980's and early 1990's being committed to retrenchment, recovery and restructuring. CFAB emerged victorious from this and continues to operate on a sound basis today.

In 2000 CFAB's statute was amended to expand its lending authority to include tourism and resource based industries.

AS 44.81 provides for CFAB's accountability to the State Legislature and the Administration. The Governor appoints two of CFAB's seven directors. CFAB is required to submit its Annual Report, including its audited financial statements, to the Governor and the Legislature.

In addition to being incorporated under AS 44.81, rather than under one of the state's several other business organization statutes, CFAB embodies a number of anomalies which combine to make it a unique entity. For example, despite the name bestowed upon it by the legislature, CFAB is not subject to the Alaska Banking Code, is not authorized to offer or perform any banking functions other than to make loans, and does not meet any known statutory or regulatory definition of a "bank" (which places it at a significant disadvantage with respect to Federal income taxes). Also, although CFAB is mandated by AS 44.81 to be structured and to operate as a cooperative, it is not subject to the Alaska Cooperative Corporation Code.

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