

SCR

67

COMMITTEE REPORT

HOUSE

(9)

FURTHER:

5/13/80

Date:

5/14/80

Mr. Speaker:

The Committee on RESOURCES has had SCR 67

"Directing the state to take measures to protect Alaskan interests in NEFCO bankruptcy."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass [] do not pass

do pass with attached amendments(s)

replace with CS for SCR 67 [] same title

and recommends _____ [] new title

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING DO PASS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

AMENDMENT

OFFERED IN THE HOUSE:

By: Resource Committee

To: _____ HOUSE BILL No. _____

SENATE ~~BILL~~ No. 67

PAGE: 2

LINE: 2

Between words "adverse" and "impact"
add word "socio-economic"

d t n

AGO 125420

Reported out as amended 5/14/80

SCR 67 - NEFCO Bankruptcy

Back-Up info:

- State of urgency - ask bankruptcy judge in Seattle to move ahead.
- Trustee of NEFCO (Sam Rubinstein) wants state to be able to step in & request judge to hurry proceedings along faster than Bankruptcy Act sets out so NEFCO facilities can be leased out right away
- A.G.'s office says state already doing everything it can & is inappropriate for state to become a party to proceedings now - will be creditor in case eventually
- Ask judge to make finding that due to emergency nature of situation, does not need to notify every one of the several thousand creditors
- Sealaska Corp (Byron Malott) wants to lease facilities for this season. Sadett introduced this resolution at urging of Sealaska

Trustee for NEFCO: Sam Rubinstein
Attorney for trustee: Gordon Wilhite
206-344-2160

Attorney for Trustee:
Gordon Wilhite

Sam Rubinstein
Interim Trustee
Nefco Bankruptcy Proceeding
c/o Sax and McIver
Attorneys at Law
1900 Peoples National Bank Building
1415 5th Avenue
Seattle, Washington 98171

Attn: D. Gordon Willhite

Alaska faces a critical situation with regard to fish processing capabilities this summer. The first major opening for fishing will occur in the Bristol Bay which commences June 9, less than a month away. New England Fish Company has historically been an important element in the processing of fish in every major fishing region in our State.

For example, without Nefco facilities available, processing capacity in Bristol Bay alone, where a banner year is forecast, will be reduced by at least one point two million fish. The same may be expected in the Kodiak area where the absence of an operational plant at Uganik would reduce processing capability by an estimated one to three million fish. In my judgement, the inoperability of Nefco facilities this fishing season would have a devastating social and economic effect.

Therefore, on behalf of the citizens of Alaska, I request expeditious action on the disposition of the facilities belonging to Nefco so that their capacity will not be lost this season. The State of Alaska is ready to offer you any appropriate assistance you desire.

Sincerely,

Jay S. Hammond
Governor

Call

*Don Aronson
Keith Specking
Dobie Vogt
3685
A.G.'s office
NEFCO attorney
& Trustees of bankruptcy
- call them too*

Introduced: 5/12/80
Made a special order of
business

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 SENATE CONCURRENT RESOLUTION NO. 67
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Directing the state to take measures
6 to protect Alaskan interests in NEFCO
7 Bankruptcy.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS New England Fish Company, (NEFCO) has commenced bankruptcy
10 proceedings by petition filed April 23, 1980, in the United States Bankruptcy
11 Court, Western District of Washington, No. 80-00864; and

12 WHEREAS NEFCO owns and operates facilities for the harvesting, pro-
13 cessing, distribution, marketing and related aspects of the fisheries resource
14 in every major fishing region of the State of Alaska, either in sole pro-
15 prietorship, partnership or joint venture with other entities; and

16 WHEREAS there is a substantial probability that the continuing operation
17 of these fishery-related facilities may be prevented by the bankruptcy pro-
18 ceedings; and

19 WHEREAS, in the event of closure of these fishery-related facilities, the
20 economy of every community in which the facilities are located or transact
21 business would be harmed due to inability to market or process fisheries
22 resources which are produced locally, and by lack of seasonal employment
23 opportunities in a year which is expected to be difficult for the fishing
24 industry in Alaska; and

25 WHEREAS the nature of the problem requires immediate action if widespread
26 harm is to be averted;

27 BE IT RESOLVED by the Alaska State Legislature that the governor is
28 requested to direct the attorney general to take actions, including but not
29 necessarily limited to appearances, intervention, petition or assistance to

May 14, 1980

The Honorable Alvin Osterback
Co-Chairman, House Resources
Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Osterback:

On May 12, 1980, the Senate considered and passed Senate Concurrent Resolution No. 67, "Directing the State to take Measures to Protect Alaskan Interests in NEFCO Bankruptcy". We understand your Committee is considering a similar resolution.

Sealaska Corporation is seriously concerned about the current bankruptcy of New England Fish Company and the potential impact this may have on the remaining fish processors in Alaska. As you know, Sealaska Corporation now owns Ocean Beauty Seafoods. We therefore request your Committee to consider the resolution as soon as possible and urge your support of its passage in the House.

During the past several days, officials of our Corporation have been in contact with the court-appointed trustee handling the NEFCO bankruptcy and as a result, we are convinced that unless the court understands the urgency of this matter, the court action may take several months. Our assessment is that any processor that plans to operate the NEFCO facilities this fishing season must begin preparation within a matter of days.

May 14, 1980

The Senate recognized the urgency of time and therefore made the Resolution a special order of business on May 12, 1980. Similarly, the Governor also recognized the urgency and therefore sent a telegram to the Trustee (ccpy attached). We are hopeful that with similar House action, the Court may respond timely and as a result, arrangements can be made for the NEFCO facilities to operate this year.

If Sealaska Corporation can assist in any way, please call on us.

Sincerely,

Byron I Mallott

Byron I. Mallott *by em*
Chairman of the Board

cc: Rep. Terry Gardiner, Speaker of the House
Rep. Nels Anderson
Rep. Jim Duncan
Rep. Richard Eliason
Rep. Mike Miller
Rep. Leo P. Schaeffer
Rep. Fred Zharoff

Alaska Communications

Telegram

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Sender's Name
and Address

Account
Number

sent 5:10 PM 5/18/80 by Kay Sattler OK by Governor Hammond 5/12/80 per [unclear]

Sam Rubinstein
Interim Trustee
Nefco Bankruptcy Proceeding
c/o Sax and McIver
Attorneys at Law
1900 Peoples National Bank Building
1415 5th Avenue
Seattle, Washington 98171

FILE _____
MAILED _____
MAY 18 1980
Reviewed by _____
Remove After _____

Attn: D. Gordon Willhite

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27 BE IT RESOLVED by the Alaska State Legislature that the governor is
28 requested to direct the attorney general to take actions, including but not
29 necessarily limited to appearances, intervention, petition or assistance to

1 Alaskan parties, which are appropriate to effect the intent and purposes of
2 this resolution in minimizing the adverse impact of the NEFCO bankruptcy on
3 Alaskan interests; and be it

4 FURTHER RESOLVED that the governor is requested to take any other and
5 further action as he considers appropriate in furtherance of these purposes.
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Debra Voght
attorney

Don Artesinger