

Between Worlds - Village Corporations

Village Corporations

These institutions face their own battles.

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The regional corporations are the best-known Native corporations statewide, but within villages scattered about the state, local for-profit Native corporations are important to shareholders' lives.

Over the years, mergers have whittled the number of village corporations down from more than 200 to 177, according to state figures. Those village and urban Native corporations, some with just a handful of enrolled shareholders, received about half of the money paid by the state and federal governments to settle Native land claims in the state.

Although there's reason to believe they've had about the same measure of successes and failures as their big brothers- the 13 regional corporations- it's hard to quantify what their impact has been in Alaska.

Eddie and Chris Olsen tame the grass outside the Tatitlek Village Corporation's Cordova office.

PHOTO BY M. SCOTT MOON

"We just don't really know what the relative impact has been. Nobody's been able to add up the total impact of the village corporations," said Steve Colt. "In some cases, they have generated as much or more economic development than the regional corporations."

In others they haven't. Colt, an economist with the Institute of Social and Economic Research in Anchorage, said understanding the economic impact village

Native corporations have is limited by the scale of research such a study would require. Where regional corporations have foundered, an occasional village corporations has performed well. For example, Nome's village corporation, Sitnasuak Native Corp., has far out-performed Bering Straits Native Corp.

There has been at least one in-depth look into the economic impact of village corporations.

In 1997, Sealaska Corp., the regional Native corporation for Southeast Alaska, hired Juneau's McDowell Group to look into the economic impact of the Native corporations in its region.

Through 1995, the village corporations had paid \$272 million in dividends to shareholders, about \$28,000 each from 1992 through 1996. During those same years, Sealaska had paid \$76 million- about \$12,000 per shareholder.

According to the study, the village and urban corporations had more assets and accounted for almost half of the \$446 million of revenue generated by Native corporations in the region.

Southeast is more an exception than a rule in terms of financial success, which appears tightly linked to whether or not the ANCSA land they selected had exploitable resources. In Southeast, there was timber, and village corporations there were able to take advantage of tax laws to sell paper losses to other companies.

Those losses were sold to companies looking for a tax shelter. As a result, village corporations such as Klukwan Inc., the Native village corporation for the Haines area, made a lot of money in a short period of time. It was a once-in-a-lifetime boon, said Don Argetsinger, Klukwan's president. But that boon allowed the corporation to pay off debts, set up trust funds and send out dividend checks of \$65,000 to original shareholders.

Dividends from regional Native corporations are diluted by the number of shareholders within a region. For example, Klukwan's 1995 disbursement of \$16.4 million would have resulted in checks of about \$1,000 if the corporation had as many shareholders as Sealaska.

Villagers in Port Graham make their way home after the village council's

community center closed for the evening.

PHOTO BY M. SCOTT MOON

But the success of some village corporations can give a false impression. Many shareholders haven't seen a dime from their village corporations for years.

In Mountain Village, perched on the first big hill fishermen see while boating up the Yukon River from the sea, the village corporation, Azachorok Corp., struggles. The office is a tin-roofed, two-story structure that blends in with other weather-beaten buildings along the water front.

Andrew Brown Sr., 68, is chairman of the board of directors for Azachorok. He was on the board in the beginning- from 1971 to 1981- and was forced out of retirement in 1994 by a shareholder write-in campaign.

"In the early days, we didn't know anything about this business, this corporation business," he said. "We had no advice. Nobody told us how to run a business."

The village corporation's initial big investment, a cannery, which rusts away down the street, was a success until canned fish were given a bad reputation during a botulism scare in the late 1970s.

"We used to have a profit every year," Brown said. "Then we ran into bad management. The board didn't look at the books and found out later what happened. (But) it's not just the management that messed up this corporation. It was the board too.

"The board of directors have never had training in those days," he said. "The problem is, the board believed everybody. We didn't really know how to run a business."

The support from Calista Corp., the regional corporation for the communities within the 56,000 square miles of tundra around Mountain Village, has been less than helpful, he said. The government hasn't assisted much either.

"They gave us the money- 'Here's your money. Here.'- and then they forgot us," Brown said. "Calista. They're the ones who were supposed to help us. They never have. One time, we asked Calista for help. They told us how to go bankrupt. That's help?"

Many a village corporation struggled because board members didn't understand the complex business environment they were entering. Brown said.

If he had known in 1971 what he knows now, the corporation would be playing a bigger role in shareholders' lives, he says.

\ "I wish we were starting all over again,\ " he said. \ "We would do it right. We spent a lot of money on attorneys, and all they did was collect money.\ "

The corporation's operations are now a village store and a gas station, a fairly common couple of investments for village corporations in rural Alaska.

Downstream, where the Yukon makes a few final bends before meeting the sea, there's a store run by Emmonak's village Native corporation. Through the main door, past shelves of food, a rack of jackets, a washing machine, a shotgun rack and a boiler, are the offices of the Emmonak Corp. Sitting on a folding chair next to a folding table, John Kelly prepares for a meeting of the corporation's board.

He took over as acting general manager of the corporation in July. He said the corporation, which relies on retail sales, has been hurt by a bad salmon run. \ "When the fishermen do good, we do good.\ "