(Task Force, continued from page 9)

Comments: The Committee was concerned about the contract with Caffall Brothers Forest Products. It appears that a considerable amount of interest is paid to Caffall Brothers.

The Mill Creek Contract, Page 2, Paragraph 5, states that STEDCO will pay a prime plus 2 percent on all direct costs paid (e.g. stumpage, logging, yard, etc.). The income statement for the Mill Creek Sale shows logging costs of $281,476.00. If Caffall Broths paid and charged interest on those costs, STEDCO would pay Caffall Brothers approximately $36,000.00 in interest.

Placing STEDCO funds in CD's, etc., at 6-8% interest while paying Caffall Brothers 12-12 3/4% interest does not make good business sense.

The Committee asked for the total interest paid to Caffall Brothers from the Long Sam sale to date.

The Evergreen Enterprise has approximately $180,00 in moss warehoused. When sold, will change their net loss to a $151,000.00 profit.

The Salmon Enterprise has had it's problems and is showing a $66,569.00 loss. Their financial statement for 9/1/89 shows total sales of $7,921.00. Their total salaries were $33,942.00. Salaries exceeded sales by $26,021.00.

Annual salaries for the current Salmon Enterprise staff is $57,740.00. Tom Staggs received a $7,500.00 salary increase 10/1/89. The Committee feels that production costs, salaries, and general expenses (estimated at approximately $100,000.00) makes creating a profit questionable.

There was no report for the investment with LeBeaux. It seemed to be just written off as a loss. Basedon the contract, LeBeaux equipment and inventory now belongs to STEDCO.

M & M dentures was an $8,000 CD set up at Cashmere Valley Bank for Mr. Moody. STEDCO will profit only from the interest on the CD.

17. Actual Cost of Swan Avenue Road.

Quade Construction $62,271.00. Engineering Costs $4,000.00. Attorney Fees to Date $1,548.00. Total $67,819.00.

18. Petitions Being Circulated?

No-one has seen any.

19. Personnel Problems?

There are a lot of rumors about Personnel problems in STEDCO. The Committee just did not have the time to look into all of them. There was definitely personnel problems in the Salmon Enterprise. The Committee concentrated on the Salmon Enterprise problems/rumors. [The report cited four specific rumours and the Task Force responses. The first three established that Royce Strong was fired by Tom Staggs, that "there is no documentation in Royce's personnel record to support his suspension on 10/26/89 or his termination on 11/1/89," and that Delores Pigsley was not involved in Royce's firing. The fourth satement suggested that personal relationships between two STEDCO employees resulted in workplace favoritism.]

20. Management Problem?

There are management problems in STEDCO. The Committee did not concentrate on discovering management problems. Problems in management surfaced during the 2 1/2 days of interviewing staff, reviewing records and financial reports, contracts and actual financial status of STEDCO enterprises.

A. Salmon Enterprise.

1) The Salmon Enterprise has been mis-managed since it's inception January 31, 1989.

2) Bad Fish was purchased and thrown in the garbage as far back as March 1989.

3) $41,503.00 worth of fish purchased. Only $7,921.00 in sales.

4) Freezer inventory starts with June and goes to August 18th. No others are available.

5) Tom Staggs has been supervisor since June 1989, but is not aware of the financial status of the Enterprise. [One sentence deleted]. Tom stated that he was aware of problems in September, but took no corrective action other than to tell Ted.

6) Personnel problems in the enterprise.

7) Management did not take advantage of the 6 months training agreement with ORPAC-LOX.

8) Nothing has been done to investigate or determine suspected theft of fish.

9) Inventories are submitted to management bimonthly, but they are not used by management.

10) All staff are given fish to take home.