

Renkes works on vow to sell KFx stock, donate profits **ETHICS: State attorney general unloads shares as conduct probe continues.**

By PAULA DOBBYN
Anchorage Daily News

(Published: October 27, 2004)

Three weeks after pledging to sell his stock in KFx Inc., donate the profits to charity and to move his investments into a blind trust, Alaska Attorney General Gregg Renkes late Tuesday confirmed through a spokesman that he has fulfilled some of these actions.

Renkes, the subject of an ethics investigation by an independent counsel, sold the stock Oct. 6 and is currently "completing a process" of donating the profits to charities, said Department of Law spokesman Mark Morones. He's also completing setting up a blind trust that will include all of his stock holdings. The donations should be made and the blind trust set up by the end of next week, he said.

Morones said he didn't know how much money Renkes made from the sale. The attorney general's disclosure reports indicated he owned 13,100 shares of KFx, a Denver-based coal technology company Renkes and Gov. Frank Murkowski have publicly promoted. At the close of trading Oct. 6, the shares were worth about \$96,000.

Murkowski has said he wasn't aware that Renkes was a KFx stockholder. KFx constituted the largest holding in Renkes' \$800,000 stock portfolio, and a Juneau broker actively traded it for Renkes as the state negotiated a recent trade deal with Taiwan, Renkes and the broker have said. The \$1 billion project envisions development of the Beluga coal fields west of Anchorage, construction of a KFx plant to improve the coal and a new port on Cook Inlet for the mine. Taiwan would buy the coal if it met quality and cost criteria. Renkes introduced KFx to state Trade Director Margy Johnson and officially reviewed the wording of the September trade agreement, Johnson has said.

Much about Renkes' ties to KFx and the extent of his involvement with the company since becoming attorney general in December 2002 are unknown. According to documents filed with the U.S. Securities and Exchange Commission, Renkes had worked as a public affairs consultant for KFx and has other business ties with John Venners, a Washington, D.C., lobbyist who is the brother of KFx's chief executive. Venners, who was Renkes' neighbor in suburban Virginia, is listed with the Alaska Public Offices Commission as a lobbyist for Flint Hills Resources, owner of a refinery in North Pole.



Alaska Attorney General Gregg Renkes' KFx shares were valued at \$96,000. *(Photo by Marc Lester / Anchorage Daily News)*

Until Tuesday afternoon, Renkes had declined to say whether he had divested himself from KFx, and the governor's office steadfastly declined to comment.

Mike Chambers, a spokesman for Murkowski, said last week that the governor's office wouldn't comment on anything related to Renkes or the KFx matter until after special counsel Robert Bundy completed his investigation. Bundy has no timeline for finishing the report.

Chambers said the governor would not discuss a 2001 hunting trip in South Dakota, paid for by KFx, in which Murkowski, Renkes, retired Gen. Norman Schwarzkopf and others participated. Ted Venners, chief executive of KFx, on Tuesday described the trip as an event that raised money for a Colorado animal cancer clinic.

Murkowski "has taken the position that it is in the public interest not to comment while Bob Bundy does his work," chief of staff Jim Clark wrote Tuesday.

Clark did not address the KFx-sponsored hunting trip.

Meanwhile, Clark is delaying the release of state documents related to KFx, the Beluga project and the Taiwan trade deal. Citing a heavy workload, Clark has extended the normal response time to a public records request, made in early October, until Nov. 4.

"We will respond to your request prior to the expiration of the 10-working-day extension on November 4, or as soon as I am able to complete the review of the significant volume of documents involved here, whichever is earlier," Clark wrote Oct. 15.

After receiving the records request, Clark hired Anchorage attorney Bruce Gagnon to review the KFx files and make an independent determination of what to release or withhold. Gagnon finished his review in about two days, on Oct. 14. Instead of releasing the papers at that point, Clark said he would personally review them as he does with every document that leaves the governor's office pursuant to a public records request.

Daily News reporter Paula Dobbyn can be reached at pdobbyn@adn.com or 257-4317.