



Financial Assistance to Atcon: Unanswered Questions

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Why Is This Important?

- Following Atcon's bankruptcy in 2010, the Province was left with close to \$70 million in unrecovered funds.
- After our initial 2015 Atcon report, many unanswered questions remained such as: where did the money go? Did anyone benefit inappropriately?
- The public remained concerned, as our office continued to receive numerous phone calls, emails and letters regarding this file.

Overall Conclusions

What We Found

Where did the \$63.4 million go?

A breakdown on how the money was used (in millions):

- \$21.4 to pay off high interest loans
- \$14.6 to pay down operating line of credit
- \$13.4 paid to the Government of Northwest Territories for the Deh Cho Bridge guarantee (*ONB obtained support for payment some six years after*)
- \$9.8 to fund ongoing operations of Atcon
- \$2.9 to pay other fees and taxes
- \$1.2 to pay liens and judgments from creditors

Did Anyone Benefit Inappropriately?

During the period of 2008-2010 when Atcon was seeking financial assistance:

- \$735,000 of personal expenses (travel, RRSP, luxury car, properties, jewelry, etc.) were paid through Atcon accounts
- Some family members of some key senior management were salaried, with little evidence they did any work for Atcon
- Atcon had a corporate jet with an operating cost of over \$8 million

\$50 Million of New Debt Wasn't the Solution

- Atcon had growing debt, insufficient working capital, severe cash shortage and assistance mostly paid off existing debt
- Irregularities in audited financial statements improved Atcon's financial position in appearance.

Release of Security Held by Province

- Cabinet Ministers we interviewed offered no clear rationale for their decision.
- Had the security not been given up, we believe the Province could have recovered in the range of an additional \$12-19 million.

Limited Progress on 2015 AGNB Recommendations

- ONB has been making progress in the development of policies and guidelines
- ONB reported it implemented 15 of our 19 recommendations, however we determined that number is 4 of 19 or 21%
- We found little effort by Executive Council Office to ensure our recommendations have been applied to all other entities providing financial assistance to industry even though over \$300 million has been given since the 2015 report.