

Pennsylvania Holding Company To Purchase Bethlehem Landfill

By PETER RIVIERE

BETHLEHEM — Consumat Systems Inc., of Richmond, Va., the parent company of Consumat Sanco, the Bethlehem landfill, announced Wednesday that it had signed a definitive agreement to sell 100 percent of Consumat Sanco to National Waste Industries Inc. of Pittsburgh, Pa.

A previously announced closing date for the sale has been extended to March 31, 1993, "primarily to provide time to secure regulatory approvals. Closing of the sale is conditioned on various matters such as the purchaser obtaining financing and transfers of all permits and approvals," according to a news release.

A sale price was not disclosed but it was announced that the "sale price is sufficient to repay Consumat's secured and unsecured debts." Sanco was sold to Consumat in 1989 for \$5.8 million with a \$9.5 million taxable bond issued by the New Hampshire Business Finance Authority (Industrial Development Authority at the time) to finance the purchase. Allstate Insurance holds the entire note on the state bond.

Consumat was forced to sell off part or all of the Sanco operation because of financial difficulties that saw the company's total revenues of \$23.9 million, off 23.4 percent according to annual report filings with the Securities and Exchange Commission filings for the year ended Dec. 31, 1991.

For the same period Sanco showed a healthy 26.4 percent increase in revenues up to \$4.67 million from the previous year's \$3.7 million in revenues with a net profit of \$895,483.

Annual report information indicates that more aggressive marketing and securing long-term

contracts for the landfill contributed to its improved revenue base.

No stock quotations for Consumat have been available for the last five days according to national business news wire services.

The stock had undergone a reverse 1 for 3 split to bolster the value of individual shares to the level necessary to remain a tradeable commodity. Stock values had dropped below \$1 per share necessitating the move in September.

Continuing liabilities that led to the restructuring and sell off of Sanco included a \$2 million overdue loan payment to Environmental Systems Co. (ENSCO) an Arkansas hazardous material incineration company which owns a 38 percent stake in Consumat and, a \$1.2 million liability for cost overruns and complications arising from construction of a medical waste incineration system for Medical Waste Associates of Baltimore, Md. MWA owns a 30 percent share in Consumat.

Consumat's auditors, Ernst and Young of Little Rock, Ark. said in

their March 1992 audit of Consumat that the company's liabilities "raise substantial doubt about the company's ability as a going concern."

At the time the company management indicated it was taking steps to correct its worsening financial position including: imposing workforce reductions and across-the-board salary cuts; selling assets (part or whole of Sanco); retaining a turnaround firm to devise a strategy for returning to profitability.

Consumat's filings with the SEC and auditors' reports refer to Sanco as having 25-acres of state approved landfill with the potential for an additional 55 acres if permits can be secured.

The company is involved in a long-standing battle with a local citizens action group, AWARE, which contends the company has but a 14-acre special exception permit for landfill operations. The issue is before the zoning board of appeals for clarification based on a challenge by AWARE.

The battle over the size of the

special exception granted by the zoners spans seven years with little changed or clarified in that time span.

A National Waste Industries Inc. spokesman described the firm as a holding company in the business of "acquisition and management of landfills." The company is not publically traded.

Sanco handles municipal and commercial solid waste, boiler and incinerator ash and construction and demolition debris for four-states covering northeastern New England.

Customers include Vermont towns of Concord, Kirby and Waterford as well as commercial haulers from a number of other Northeast Kingdom towns and the Lamoille Regional Solid Waste District.

Overall Sanco handled some 320 tons of waste per day in the past year. When seeking its special exception permit co-owner Barry Hager testified that the landfill would not exceed a 100-ton per day fill rate.

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