

# Third Transpac Receiver Readied

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SAIPAN An admiralty lawyer for the U.S. government is expected to be confirmed soon as the new receiver for Transpacific Lines Inc.

John F. Meadows, attorney-in-charge of the Justice Department's admiralty and shipping section in San Francisco, would be the third person selected by the Trust Territory in the past 11 days to take charge of its insolvent

franchised shipping company. The first receiver, Saipan businessman David M. Sablan, asked to resign because of potential conflicts of interest. His appointed successor, Michael J. Oremus, declined the job when he learned the TT intended to rescind Transpac's government franchise.

Meadow's nomination must be recognized by the Trust Territory High Court before it becomes official. The attorney arrived on Saipan last Friday, ostensibly to act as counsel for the receivership.

Yesterday afternoon Meadows told Transpac employees that High Commissioner Edward L. Johnston has authorized payment of their salaries through Friday and pay for accrued vacation leave. It previously was announced that Transpac's 31 employees could not be paid after Feb. 22.

Transpac General Manager William Penrose said yesterday "a small cadre" of perhaps 12 employees will be allowed to stay on to close the company's operations.

He also said he had been informed that Transpac's accounting manager, Frank F. Rayment, would be named deputy receiver, with Penrose and finance manager John Marumoto appointed assistant receivers.

Although a letter from the High Commissioner to Oremus dated Feb. 19 intended to put Transpac on notice that its franchise would be terminated within 30 days, there has been no clear ruling yet on whether the notice is legally in effect. Oremus refused to sign the

letter to acknowledge its receipt on behalf of Transpac. Sablan, who has remained the only recognized receiver, also has not signed a termination notice, but it is presumed that Meadows will if and when he officially takes over as receiver.

The termination letter lists four reasons the TT finds Transpac in default of its 1968 franchise agreement. If the defaults continue for 30 days, the letter says, the franchise will be subject to termination.

The cited defaults are: failure to provide shipping service specified in the franchise, failure to justify tariffs charged, alteration of the contents of bills of lading without prior approval and placement in receivership on Feb. 15 by executive order of Deputy High Commissioner Peter T. Coleman.

The letter also states that in view of Transpac's insolvency and inability to maintain necessary shipping service, "the government will authorize such other vessels to operate into and from the Trust Territory as are necessary to maintain necessary service to the people of the Trust Territory."

Daiwa Lines, one of the most ardent contenders for Transpac's routes, already has asked permission to bring its vessel Ponape Maru into Saipan March 4.

Daiwa's local representative is Microl Corp., which employs Transpac receiver Sablan as vice president.

Penrose maintained last week that bringing in other vessels would be a violation of Transpac's franchise. No one is saying, however, whether this

assessment is still valid in light of the statement in the High Commissioner's letter quoted above.

TT transportation officials also have been reviewing proposals from other major shipping lines that want to enter Micronesian service if shipping here is opened up. Among them are Nauru Lines, Pacific Far East Lines, Seatrain, Dillingham, Luzon Stevedore Co., U.S. Lines and Tokyo-Sepaku.

Under consideration are plans whereby these companies might be awarded routes and transshipment point in the TT, with small vessels used for the inter-island service.

Also being discussed is the feasibility of sub-chartering the Lotte Reith to assure its continuance in TT service. This vessel, on charter from a German company, has been Transpac's main ship.

The Lotte Reith was scheduled to sail from Majuro to Ponape today. Charter payments reportedly have been extended through March 10. The rusting Gunners Knot, which Transpac recently returned to the TT government, has been called back into emergency service. It was expected in Guam yesterday.

A court decision last week paved the way for a resumption of Transpac's aborted stockholders meeting this Wednesday. Major shareholders yesterday were unsure what action they might take if and when the meeting takes place, or whether any vote on a new board and other company matters might be moot at this point in Transpac's travails.

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