Grocery closure confirmed - Chain's failure blamed - Anchorage Daily News (AK) - December 15, 2000 - page E1

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A lawyer for **Alaska Marketplace** confirmed Thursday that the grocery chain soon will **close** its remaining two stores, ending a short-lived attempt to bolster competition in the grocery store business in Alaska.

A consumer advocate said state officials are to blame.

In reviewing last year's $330 million Safeway takeover of the local Carrs chain, state Attorney General Bruce Botelho should have insisted on stronger terms for making **Alaska Marketplace** a viable competitor to Safeway, said Stephen Conn, executive director of the Alaska Public Interest Research Group.

The state required Safeway to spin off seven stores, six of which were reborn under the **Alaska Marketplace** banner. But those stores had been weak performers for Safeway, Conn said.

''The state signed off on an exquisitely bad deal,'' he said.

Botelho could not be reached for comment Thursday, but assistants said **Alaska Marketplace** had what seemed to be a solid business plan that won not only the state's approval but also a judge's.

''They had a lot of money on the line, and it was to their benefit to compete effectively and keep these stores going,'' said assistant attorney general Ed Sniffen.

Richard Huffman, a lawyer for **Alaska Marketplace**, said the company's remaining two Anchorage stores in the Dimond Center mall and on Northern Lights Boulevard will **close** over the next two weeks. Union officials have said more than 100 jobs will be affected.

Huffman said the union for grocery workers has sued on grounds that **Alaska Marketplace** did not give adequate notice to workers laid off in earlier store closures. A collection agent also has sued the company, he said.

Richard Near, Alaska manager for California-based Safeway, said his company is still owed money for the six stores that **Alaska Marketplace** bought last year. He said the stores to be closed weren't losers under the Safeway banner.

''The customers voted,'' he said in assessing **Alaska Marketplace**'s demise.

In the beginning, **Alaska Marketplace** had three stores in Anchorage and one each in Eagle River, Wasilla and Fairbanks. All will **close** after 15 months of business.

The company's primary owner is Associated Grocers of Seattle, with Bristol Bay Native Corp. holding 34 percent.

Conn's criticism was backed by Robert J. Hickel, president of Hickel Investment Co., the landlord for some of the divested Safeway stores. In a Sept. 5 letter, Hickel told Botelho: ''Your agreement to allow only the relatively poorer performing stores to be offered for sale was a mistake.'' Hickel also questioned the ability of Associated Grocers to compete.

The **Alaska Marketplace** case is the second major antitrust failure for the state, Conn argued. He said the state was willing to let BP take over Arco with some concessions, which would have made BP overwhelmingly the dominant oil player in Alaska. But the Federal Trade Commission forced BP to spin off Arco's entire Alaska holdings to a viable third company, Phillips Petroleum.

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