

## Renkes' dealings tracked

**KFX AND COAL: State documents show him nudging the idea along.**

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A new batch of documents released by the state illuminates how Alaska Attorney General Gregg Renkes relied on his connections with investors and a close relationship with Gov. Frank Murkowski to push a large-scale coal deal with Taiwan, a project from which he could have personally profited.

As a result of his activities to advance the coal project and because of his stock ownership in a company integral to the deal, Renkes is under investigation for possible ethics violations by a former federal prosecutor and the state personnel board. The Alaska Bar Association is also reviewing a related complaint against Renkes.

In response to a public records request from the Daily News, the governor's office released scores of documents, including personal e-mail messages from Renkes' home account that he transferred to his state computer. The documents -- including draft letters, talking points, a business development plan, and official and personal e-mails -- shed light on how the attorney general used his position at two key junctures last winter and spring to nudge the coal deal along.

Neither Renkes nor Murkowski would comment on the documents, with the governor saying he's reserving judgment until after an outside counsel he hired turns in his report.

The paperwork concerns a period when the state was trying to land a commitment from Taiwanese companies to buy coal from Alaska's dormant Beluga field, across Cook Inlet from Anchorage.

On Feb. 19, Renkes sent a letter to Taiwan's deputy minister of economic affairs, Steve Chen, inviting a delegation of Taiwanese coal buyers to Alaska the next month. The letter talked about the potential of a coal-drying technology, K-Fuel, that could turn Beluga's wet coal into a marketable fuel. The letter was crafted by David Fu, an investor in the project. Fu is managing director of Kanturk Partners, a business partnership based in Washington, D.C.

Fu drafted several versions of the letter for Renkes, according to Renkes' e-mails. The attorney general sent the letter to Chen virtually verbatim.

A delegation from two Taiwanese utilities, Tai Power and China Steel, visited Alaska last March. But the executives went home and expressed reservations about whether the K-Fuel process worked.

In April, Fu wrote to Renkes again, complaining about how the Taiwanese coal buyers were hesitant about making a commitment to buy Alaska coal processed with K-Fuel.

"We need to remove any excuses that they can use to delay or not do this," Fu wrote.

Fu wanted Renkes' advice about sending a business associate, Carl Ford, to Taiwan to talk to officials there about K-Fuel and the Alaska coal project. Ford, an ex-CIA agent, works for Cassidy & Associates, a well-known Washington lobbying firm that has worked for Taiwanese clients. The firm's chairman, Gerald Cassidy, is a principal of Kanturk Partners and an investor in KFx Inc., the Denver firm that developed K-Fuel.

In an April 16 e-mail to Renkes, Fu said:

"I think we should move ahead and have Carl Ford visit Taiwan in May (I know you won't be able to go) to put specific ideas/action plans into their conscience. Can we go ahead and ask the governor to place some calls to give Carl the portfolio to go over?"

On April 22, Ford wrote to Fu saying he was preparing to fly to Taiwan and wanted to deliver this message:

"Governor Murkowski and Attorney General Gregg Renkes asked that I bring you an update on their thinking about Taiwan's future use of Alaska coal resources. We have prepared a draft road map of next steps for the project."

That same day, Fu e-mailed Renkes:

"Gregg, can we get your guidance on this? Carl would like to schedule his visit to Taiwan asap. Thanks."

On April 27, Renkes e-mailed Taiwan's Chen, asking if he would receive Ford.

"I hope that you will have time to briefly meet with him," Renkes wrote. "I would make this trip myself but I am not able to travel to Taiwan at this time because our legislature is in session. I will travel to Taiwan in June if it will be helpful in making progress on the coal project."

Chen responded that he would meet with Ford.

Ford traveled to Taiwan a few days later. By May 5, he sent a report back to Fu saying the trip had produced positive results. Ford said that Taiwan's president wanted to move forward with the Alaska coal project and that his personal relationship with Murkowski "is the critical factor in his thinking about the project."

Ford asked Fu if Murkowski could send a letter summarizing the key ideas behind the coal development.

"Can you draft such a letter for Governor Murkowski and is it possible that he would sign it on such short notice?" Ford wrote. "Please let me know your thoughts/comments ASAP."

A few hours later, Fu wrote to John Venners, another Kanturk principal who is also a lobbyist for KFx Inc. and a former business partner of Renkes:

"Cannot be better news, please read. John, can we get on the phone with Renkes and move this forward?"

On May 7, Renkes wrote to Fu saying he had received a draft letter Fu had written for Murkowski.

"I have rewritten your draft a little (it was very good) and planned on discussing it with the Governor (and sending it) tomorrow," Renkes wrote.

The three-page letter Murkowski sent, dated May 7, talked about the benefits of K-Fuel. The letter contained key concepts laid out in Kanturk's business plan and earlier letters written by Fu.

The last time Renkes spoke publicly about his involvement in the coal project was a statement he read to the news media on Oct. 4. At that time, Renkes said he had disclosed a potential conflict of interest to the director of the Office of International Trade and that he "drew a line that I could not and did not go beyond."

"I made it clear to the Director, that in order to avoid any conflict-of-interest I could not direct, approve or take any official action that might benefit KFx and I did not."

Renkes, who accumulated stock in KFx in the months leading up to the September signing of an Alaska-Taiwan coal agreement, said he believes the investigation of his activities "will remove any lingering doubts about my actions in my capacity as attorney general."

During his negotiations with Taiwan, Renkes' largest financial asset was his KFx stock, worth more than \$100,000. KFx also was his most actively traded stock between October 2003 and October 2004.

After the Daily News reported Renkes' KFx holdings, the attorney general sold his shares, according to a disclosure he filed with the Alaska Permanent Fund Corp., where Renkes is a trustee.

Robert Bundy, the former U.S. attorney handling the investigation for Murkowski, said Friday that he expects to deliver his report on Monday.