



'Gross misappropriation'

Former Store Norske director, consultant face criminal charges for lucrative subcontracts

Criminal charges for misuse of funds are being sought again a former longtime director of Store Norske, a former consultant for the mining company and two companies working under subcontracts, prosecutors said this week.

Robert Hermansen, director of Store Norske from 1999 to 2008, faces charges related to suspicious agreements with the subcontractors

and receiving private money from them, said Bård Thorsen, head prosecutor for Norway's Economic Crime Division, in an interview with TV 2.

"Suspicion in the legal proceedings is directed against the gross misappropriation of funds," Thorsen said. "It means that you have acted contrary to (the company's) interests."

"There is extensive evidence, but we do not want to comment more on the action," he said.

The maximum sentence for gross misappropriation of funds is six years in prison. But

Norwegian authorities did not rule out additional charges in the case.

Hermansen's attorney, Christian B. Hjort, said his client finds the indictment "unreal."

"He stands uncomprehending of the indictment," Hjort told the television station. "He has in all contexts tried to protect the interests of Store Norske ... now he wants to help clear up the facts of the case."

Hjort has said previously that Store Norske officials, who knew about and approved the

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Frank-Johnny Olsen, right, explains to Helge Ask how a newly opened automatic car wash works as it cleans Ask's car this week. The facility, across the street from Longyearbyen's power plant next to the bus parking at the Svalbard governor's garage, is capable of operating no matter how cold it gets. Olsen said he expects everything from boats to snowscooters at the facility.

Nozzles of the north

'New' car wash cleans vehicles, boats, rugs, snowscooters – even in the middle of winter

Dealing with the spray this winter might give a whole new meaning to "working at the car wash blues."

Longyearbyen racked up another northernmost distinction with the opening of the auto- and self-wash facility during the past weekend. Frank-Johnny Olsen, who purchased the wash for his company, Arctic Autorent, said customers can use the automatic option year-round no matter how cold it gets.

"As long as there's smoke coming from the power station," he said.

Olsen estimates about 50 people have brought vehicles to the facility so far. Among them was Helge Ask, a postal clerk who said until now he has washed his car with a hose in

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Fees free up airport parking space

New charges reduce vacationers with vehicles at lot for months

Sometimes it's good when business is bad. There were an unusually high number of vacant spaces at the Svalbard Airport parking lot this summer. But that was by design due to new fees aimed at local residents who sometimes left vehicles in the lot for months while on holiday.

"The parking lot used to be full all summer and it was difficult – and sometimes impossible – to find a place to park," wrote Airport Director Ole Rambech, in an e-mail interview this week. "In winter time we had difficulties in snow removal because of the density of cars. This summer there has been space avail-

able all the time."

Fees for parking more than 23 hours are 50 kroner per day, 250 kroner for one week and 150 kroner for each additional week. Most of those parking at the airport this summer did so for at least a day, Rambech wrote, but "not many use the airport for long-term parking now."

There weren't any problems with people figuring out the meter machine that issues parking tickets or with motorists being unable to pay, he wrote. Locals also seemed accepting of the new charges.

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When we screw up you'll know about it – on the front page. One of the big complaints about newspapers is they tend to bury corrections and clarifications deep inside where few people who read the original article see them. If we need to fix something, an alert box on the front page will state what story is in error and where the full correction is printed.

Submitting material

Letters, columns, photos and other material are welcome, but we can't offer pay for published items since nobody here is getting paid at the moment. Submissions in electronic form (text, Word documents, JPEGs, etc.) are highly preferred, although typing and/or scanning of items will be considered on a per-case basis. We reserve the right to edit submissions for length, clarity, accuracy, libel and other reasons, but we will also make every reasonable effort to contact the author about any changes prior to publication.

School's back, but so is clubbing



Marie Terfre serves drinks to students Monday during the "stealth opening" of Ungdomsklubben for the school year. Classes started earlier in the day with 20 new first-grade students at Longyearbyen School introducing themselves on stage to their peers and parents. The youth club officially opens Friday, but staff – some who teach at the school – said the preview was a chance for youths to "sneak in" and interact with instructors in a non-classroom setting. Friday's opening is from 6 to 8:30 p.m. for students in fifth through eighth grade and 9 p.m. to midnight for those in grade eight through the age of 18.

Briefly

Norway lifts fishing ban on herring in Arctic seas

Norway has lifted the ban on fishing of Atlantic-Scandinavian herring outside Svalbard and in the northeastern parts of the Norwegian Economic Zone.

At the same time Russian fishermen will get 10,000 tons of Norway's national quota on herring in the area.

The new policy is the result of a request from head of the Russian Federal Fishery Agency, Andrey Krayny, to Norwegian Ministry of Fisheries and Coastal Affairs Secretary General Jørn Krog, according to a report by Russian television station GTRK Murman.

Krayny requested Krog help give the Russian fishing fleet normal working conditions in the affected zones.

Barents Sea organisms may help fight cancer

Patents for two marine organisms in the Barents Sea are being sought by the Centre on Marine Bioactives and Drug Discovery (MabCent) in Tromsø after finding they show promise as cancer treatment and antibiotics.

MabCent has analyzed 70,000 extracts of marine organisms in the area since 2007, looking for possible uses in pharmaceutical, research or other industries, according to a press release by the Svalbard Science Forum. Officials at the center said patent applications for another 20 molecules are expected soon, with more in the future.

"This is needle-in-a-haystack research, and our work has barely begun," said Trond Jørgensen, a MabCent researcher, in an interview published by *The Medical News*. "While bio-prospecting on land has been around for 80 years, profiling at sea only began 30 to 35 years ago. And we didn't really get going in Norway until 2003."

The Barents Sea features temperate waters carried north by the Gulf Stream meeting the cold waters of the Arctic Sea, resulting in an enormous diversity of marine biological organisms with evolved characteristics specialized to the extreme conditions.

Four from U.K. to model Svalbard for postcards

Four "outdoor enthusiasts" from the United Kingdom will visit Svalbard and other northern Norway locations after winning a contest to be models for a series of picture postcards featuring the region.

The two men and two women were selected from more than 3,500 photo submissions in the Northern Norway Postcard Models competition. More than 11,000 votes were cast for ten finalists whose photos were posted on Facebook, the London underground and U.K. print publications. The postcards are scheduled for sale beginning in 2011.

Models will also visit Finnmark for a shoot with Sami nomads, Tromsø for a sea cruise and the coastal region of Nordland. Their experiences this month and next are being documented at www.facebook.com/postcardmodels.



Robert Hermansen, former director of Store Norske, discusses accusations of wrongful financial doings in an interview with TV 2 earlier this year. Norwegian prosecutors told the television station this week that charges of gross misappropriation of funds have been filed against Hermansen.

Charges filed in Store Norske case

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contracts in question, have a vested interest in finding deplorable conditions during Hermansen's tenure so they can renegotiate more favorable agreements.

Company officials, noting the subcontracts are of unusually long term and far above market value, say will be seeking to alter the deals that auditors claim cost the company hundreds of millions of kroner.

Last year, for instance, the company paid 274 million kroner for ocean freight of coal, which would be much higher than market value at even half the price, according to auditors.

A second person facing charges is Kjetil Onstad, a former consultant for Store Norske. Also charged are Jebsens Rederi, which ships about 2.5 million tons of coal from Svalbard each year, and Leonhard Nilsen & Sønner, an infrastructure company, for questionable subcontracts with Store Norske.

Government- and company-ordered audits found the agreements were reached without proper bidding. In addition, Hermansen received a private loan of 1 million kroner from LNS, which also invested 2 million in a separate company he headed.

LNS, in a prepared statement, declined to comment on specifics of the charges.

"Because we are under investigation by Norwegian authorities it is, of course, not natural to us to comment on the contents of the indictment," the statement by CEO Malvin

Nilsen notes. It also states records related to the case were seized by prosecutors this week.

LNS has hired law firm Wiershold, audit firm Kjellstrup & Wiggen and data company IBAS to conduct external investigations.

"LNS even contacted Norwegian authorities already in the beginning of July and declared full cooperation," said Jan Fougner, an attorney with Wiershold, in an interview with TV 2. "LNS says that it has acted correctly but if there are any errors the company will certainly make up for them."

Store Norske, which is 99.9 percent owned by the Norwegian government, has operated coal mines in Svalbard since 1916. Hermansen is credited with making Store Norske profitable and a lasting source for high-quality coal. He received the Norwegian Mining Association's highest award in 2003 and last year a bust of him was placed in the main entrance of Longyearbyen's main municipal building.

But the questionable subcontracts and side agreements were found in an audit ordered by the Norwegian Ministry of Trade and Industry, although the report was withheld from the public for more than a year until TV 2 obtained the results. Store Norske ordered its own audit and asked prosecutors to investigate the case after obtaining similar findings.

Hermansen resigned from all public boards after the results of audits were disclosed.

There's more! Visit www.icepeople.net for the complete story.

HEADLINES STOLEN FROM SVALBARDPOSTEN VERDENS NORDLIGSTE AVIS

Report: Food grinder work 'disastrously executed'

Installation of food grinders in Longyearbyen was "disastrously executed," resulting in numerous plumbing problems and unsanitary conditions, according to an independent report ordered by the city. A check of 29 apartments reveals clogged drains due to improper flushing of food waste, harmful gasses trapped in sewer lines and other problematic conditions. "There is no reason to believe that it is somewhat better in other apartments," said Reidar Hanssen, manager of Varme & Bad Narvik, which conducted the study. Nearly 1,000 grinders were installed this summer as the beginning of a city mandate all residences have such devices. Jostein Gundersen, owner of Activum Consulting, which installed the grinders, said some problems are due to user errors such as not using enough water when operating the grinders.

Trip flares failed to work for kayakers attacked by bear

Two trip flares deployed by a pair of kayakers failed operate properly when a polar bear stepped on the warning line before attacking their tent early this month, according to the Svalbard governor's office. The flares were set up correctly and the pins removed when the bear activated them, but the flares themselves did not fire, said Police Chief Per Andreassen. "We do not know what is the cause of the failure of the burners to go off," he said. "We know they have had some failure rates during the winter." The bear dragged Sebastian Nilssen out of the tent and across the beach, causing serious but non-fatal injuries.

Ashes left on porch result in fire destroying guest cabin

A cabin in Billefjorden burned to the ground Aug. 17 after a group staying there left smoldering ashes in a container on the porch, according to the Svalbard governor's office. Officials were notified about the fire at about 3 p.m. Firefighters found the cabin destroyed upon arriving about an hour later and focused on preventing the flames from spreading to the governor's service cabin nearby.

Weather forecast for Longyearbyen

Wednesday

Partly cloudy, clearing later. W winds at 1 km/h. High 3C (3C wind chill), low -1C (-1C wind chill).

Thursday

Sunny with a few late clouds. NNW winds at 1 km/h. High 4C (4C wind chill), low -3C (-3C wind chill).

Friday

Cloudy. SW winds at 1 km/h. High 1C (1C wind chill), low 0C (0C wind chill).

Saturday

Cloudy. SE winds at 2 km/h. High 0C (0C wind chill), low -2C (-2C wind chill).

Extended forecast: Sunday, cloudy, 0C (0C), -2C (-2C); Monday, cloudy with occasional sleet, 1C (1C), -1C (-1C); Tuesday, cloudy with early snow, 0C (0C), -1C (-1C); Wednesday, cloudy, 0C (0C), -2C (-2C).

Data provided by yr.no



An abundance of empty spaces awaits vehicles in the parking lot at Svalbard Airport after numerous local residents returned from summer holidays during the past week. Adequate space in the lot has been a problem during previous summers when some residents would leave their cars for months, but Airport Director Ole Rambech said a fee system implemented this year resolved the issue.

Plenty of room at the airport

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"We have the lowest fares of all (46) Avinor airports and we have not received any complaints," he wrote.

One group with nothing to complain about was taxi drivers, some of whom said they brought in extra fares shuttling locals to and from the airport.

Rambech said income from parking fees

was small and will be used to help pay for the new equipment. Income over the longer term may be used for projects such as expanding the lot.

No adjustments in the amount or time period of fees are planned, Rambech wrote.

"The goal was to make space available and have a small income," he wrote. "It seems we have achieved just that."

Washing cars right in Arctic a challenge

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the parking lot at work.

"That's the only way unless you have a bucket," he said.

Olsen said he needs to wash about 1,000 cars a year to break even, but the vast majority of cleanings will be for his rental fleet.

"That will save me a lot of money at work," he said.

Keeping the vehicles clean after every rental has been a challenge, Olsen said.

"It was hard because you had to know somebody who had a high-pressure water system at work," he said. The Svalbard governor's office, Longyearbyen fire station and Store Norske are among the limited places with such facilities.

The wash is rigged inside a metal structure that served as a garage at The University Centre in Svalbard until it was moved about a decade ago. Olsen originally hoped to open the 10-year-old wash, purchased from a mainland dealer and brought up from a gas station in Voss, in 2008. But difficulties getting the driveway paved resulted in the delay.

The challenges aren't over, since nobody has experience with such a device in Svalbard's unique Arctic conditions, Olsen said.

"We have to try to find the right soap and products for washing the cars because it's totally different from the mainland," he said. The main problem on the mainland is salt, while

Longyearbyen's debris includes unusually sticky sand and coal dust.

The self- and auto-cleaning facilities are open 24 hours a day, but customers must purchase custom cards that operate them, Olsen said. The cards can be purchased at the rental counter at the airport and when the car wash is staffed, which will be from 5 to 6 p.m. weekdays during the opening phase. He said he may arrange to sell cards through another business such as the Mix Isbjørn kiosk.

Olsen said he expects more than cars will get cleanings, including boats, bicycles and, yes, the snowscooters that outnumber vehicles.

"I'm sure it will happen sometimes," he said.

Furthermore, "if the housewife has a carpet she can come down here and lay it out," Olsen said.

Olsen estimates the automatic wash uses 200 to 400 liters per use, depending on the level of cleaning. He said drains capture the wash water and filter it before being discharged into the sea, with oil and other contaminants captured in a tank and eventually transported to the mainland.

He said he expects peak usage of the machine during May due to muddy conditions from snow melt and September in preparation for winter.

There's more! Visit www.icepeople.net for the complete story.

What's up

Aug. 29

11 a.m.: Liturgy. Svalbard Church.

8 p.m.: Movie: "Knight and Day," U.S. action/comedy, ages 15 and up. Huset.

Sept. 1

6 p.m.: Activity fair featuring local volunteer recreation clubs. Svalbardhallen.

Sept. 5

6 p.m.: Movie: "Shrek – Happily Ever After," U.S. animated film with Norwegian subtitles, no age limit. Huset.

8 p.m.: Movie: "Killers," U.S. action/comedy, ages 15 and up. Huset.

Sept. 6

5 p.m.: Svalbard Turn's 80th anniversary celebration. Sports competitions, gymnastics exhibition and other events. Svalbardhallen.

Sept. 7

10 a.m.: Administration Committee meeting. Næringsbygget 1, Tundra room.

Sept. 13

10:15 a.m.: Environment and Industry Committee meeting. Næringsbygget 1, Tundra room.

Sept. 15

8 p.m.: Meeting to discuss opening of cultural center. Næringsbygget 2, Smutthullet room.

Sept. 16

2 p.m.: Board for Culture and Leisure Business Authority meeting. Næringsbygget 1, Tundra room.

6 p.m.: Board of City Operation Authority meeting. Næringsbygget 1, Tundra room.

Sept. 17

9 a.m.: Control of Growing Enterprises Authority meeting. Næringsbygget 2, Smutthullet room.

Sept. 21

7 p.m.: Local Board meeting. Lompensenteret, Mediateket.

What's online

Icepeople.net provides daily updates of news about Svalbard and the world's polar regions, plus extras for articles from the print edition. Among the latest news:

- *Man attempts to sail around Svalbard*
- *Greenland happy to be new oil frontier*
- *Mine rescue in Chile may take months*
- *Arctic musk oxen really, really hate dogs*