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'Gateway' Service Ceases Operations

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Claiming it can't fully account for \$3.3 million of funds raised in its initial public offering, Business Computer Network (BCN) has ceased operations, stranding some 4,000 subscribers who can no longer access the host computer.

The San Antonio, Texas-based company operated computers that served as a gateway for personal computer users into several different on-line services supplied by other vendors. The company, which went public in July 1984 and raised \$4.5 million, has been unable to secure additional capital needed to keep it operating,

according to Morris Camp, BCN co-founder and chairman. Lack of funds forced the company to shut down in early September and lay off all but two of its 18 employees. Only Camp and vice president of engineering Bob Dell remain on the staff.

The sudden shutdown of the system has left BCN subscribers confused over what will happen next. The system gave users access to information from on-line vendors including Compuserve, Dialog, and Western Union. BCN, whose offerings are underwritten by Starr Securities Inc. of New York, is awaiting additional financing from that firm, Camp said. "We are negotiating to bring the host computer back up," he said. "The original financing

[from Starr Securities] did not materialize and that was a shock to us."

"We've talked to our creditors and no one's really pressing us," Camp said. But he added that if additional financing does not come through within 45 to 60 days, the company may be forced to seek bankruptcy protection. "You have to do something. You have to either file a Chapter 11 or your creditors will force you to file bankruptcy."

Starr Securities president Martin Vagh would not confirm if BCN would get additional financing. He said the company's money problems are not due to a lack of financing but because the firm is in the process of relocating to New York.

BCN has progressively lost money since it went public, according to Camp, who said BCN's board of directors discovered in January that \$3.3 million had "disappeared" or been spent.

The Securities and Exchange Commission regional office in Fort Worth, Texas, said it had no information on file concerning the company's shutdown and said there are

no hearings scheduled concerning BCN. The company's stock is still actively traded (OTC-BCNCU), with 25 cents per share bid at midday on October 24.

The company moved from Riverton, Wyoming, to San Antonio in March to cut costs. Continuing financial problems led to the closing of BCN's sales office in Cardiff-by-the-Sea, California, and the elimination of about 70 jobs since January.

One former employee, who was laid off in September, said the problem with BCN was that the company never concentrated on doing one thing best. "Instead of making the money work, it went on to other projects," said Sean Leary, who was a BCN computer programmer. "The idea [of a gateway service] was good, but the income was never there. The return on investment was not enough for the concept."

Leary said the volume of subscribers was too low, disputing the figures given by company management. "The company never had more than 800 active subscribers, and the customers never materialized," he said.

The service had its problems, according to Carcell Jones, one subscriber who runs a business out of his home in La Habra, California. "I never used the service. It was hard to get on-line," said Jones, who signed up with BCN in March.

BCN collected a \$250 retainer fee from him, but the on-line problem was never solved, he said. "They said they'd take care of it, but it never got done."