

# Cast in a Veil of Fog

by Kelly Stowe

## Commodore Unplugs

On Friday, April 29, 1994, at 4:10 pat, Commodore International Ltd. transferred its assets to trustees "for the benefit of its creditors" and placed its major subsidiary, Commodore Electronics Ltd. into voluntary liquidation. After that, the facts are sketchy and few, and the rumors plentiful.

Commodore International posted its last profitable quarter ending March 1992. Starting in June of 1992, the company started to post losses at a rate of over \$20 million per quarter, with a whopping loss of \$177.6 million reported in the quarter ending March 1993 alone. CI repeatedly cited an unfavorable exchange rate and a "soft market" in Europe as the reason for those losses.

In March of 1994, Commodore announced that without outside financial help, it could be forced into a reorganization or liquidation proceedings, and that it was trying to negotiate a restructuring with its creditors. That month, the Australian subsidiary, Commodore Business Machines (Australia) entered into liquidation, with total debts of about AU\$3 million. The New York Stock Exchange reviewed Commodore's eligibility for continued listing and stopped trading on the stock due to trade imbalance. In April, Commodore International Ltd. instituted its own liquidation proceedings.

Commodore has been remarkably tight-tipped, giving rise to wild speculation and rumors. The legal department will not give official information in answer to any question but will only verbally confirm that Commodore International Ltd. has filed for liquidation, as was reported in

the Wall Street Journal and elsewhere, and that Commodore Business Machines, [Inc. is](#) involved in bankruptcy proceedings.

In releasing March's quarterly earnings report, CI said its creditors included suppliers that have sued the company. The release did not describe the nature of the lawsuits, and the company did not make a spokesperson available. In the earnings report released in December 1993, CI stated that it owed \$17.4 million in secured loans to a company controlled by Commodore's Chairman, Irving Gould. On January 31, 1994, Commodore defaulted on a \$3.3 million loan with Prudential, despite repeated extensions.

Commodore, in conjunction with Ivlicosphere, Inc. had announced in March that many Amiga products, including the Amiga 1084S monitor and the US version of the Amiga 1200 computer, would again be produced by Commodore and available in the United States through Tenex Computer Express, in Mishawaka, IN. According to Roger Dooley, president of Microsphere Tones will continue to supply products to support the Amiga and the commodore 64, including software for the commodore, but will not have the Amiga computers.

CEI, a large US Amiga distributor, released a statement that the distributor had been "working closely with Commodore's management and major investors," and that the liquidation of Commodore International did not affect the subsidiaries Commodore Business Machines USA, Commodore Business Machines Ltd. Canada, Commodore/Amiga

UK, or Commodore Germany, or any Amiga operations. CEI stated that Commodore operations would "continue normally." However, Commodore International confirmed that Commodore Business Machines was indeed in bankruptcy proceedings, and Newsbytes reported that Commodore Business Machines Ltd. Canada transferred the right to sell commodore PCs to most buyers to another company, 3D Microcomputer Wholesale and Distribution (Canada).

So what happened to the little typewriter company from the Bronx that stood the computer industry on its ear in the 1980s? Commodore is split into so many international subsidiaries that it is difficult to tell which Commodore is liquidating or bankrupt and which is not. Kayla Bode, a spokeswoman for the Commodore Bueromaschinen GmbH in Frankfurt said that "some" of the 35 Commodore units worldwide have already been liquidated, but that others would "probably" continue operations.

Despite the closing of Commodore, commodore supporters like Tenex and LOADSTAR remain optimistic. "Commodore's death means little to us," Jeff Jones of LOADSTAR said. "We'd be complete and utter fools to drop our loyal subscribers." Roger Dooley of Tenex agreed, adding that his company has a history of providing products despite a lack of cooperation from Commodore.

"In the long run, this will mean little," Jones said. "We're all pioneers."

Rumors have been circulating about Commodore's demise every year since 1985. Recently, wild rumors circulate on the Internet and elsewhere as to which investor groups plan to buy our Commodore technology, and what Commodore's liquidation means to users. Disgruntled ex-employees and other Monday-morning quaterbacks have proposed numerous theories concerning management at the company and who should take the blame. The most persistent rumour is that Commodore is/was/will be bought by Samsung. One BBS even went so far as to publish a time and a date of the supposed purchase. The latest twist to this rumour is that Samsung pulled out of the negotiations in the Bahamas. Other rumored investors are Phillips, Sony, Hewlett Packard, 3D0, Panasonic, Apple, Atari, NewTek, Bill Gates and Ross Perot.

It has been proposed that Commodore's different technologies would be sold to separate buyers (for example, Amiga to Samsung and the 8-bit technology to Phillips). The current theory is the Commodore is going as one complete package, 8bit and 32-bit together, because the lawyers involved aren't smart enough to figure out which is which.

Commodore's new products, rumored to be introduced soon, will more likely be vaporware; this includes the new C64 with internal 3 1/2 drive (not to be confused with the C65), the A1000+, the A3000+ and the AAA Amigas.

It is repeatedly reported that there are only 2 or 3 employees at any given Commodore subsidiary overseas, not hard to believe when the only people answering phones are security guards.

Most management criticism centers around Commodore's complete lack of marketing and advertising. Allegedly, Commodore's head of marketing, John DiLullo, made statements to that effect that help in promoting the CD32 by Amiga owners was not even welcomed (later, DiLullo apparently tried to clarify his remarks saying that he was referring to the "fanatical" owners)

One individual called Commodore's Chairman, Irving Gould and President Medhi Ali "two of the worlds larges kneebites" (and the current hype over multimedia computers "alt.crap.chesse.worship")

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