

Straight Inc. faces financial problems

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Straight Inc., the St. Petersburg-based drug treatment program besieged by lawsuits over past treatment practices, has been losing money for more than two years and may close two facilities in the near future, court records say.

Anthony Agliardi, Straight's chief financial officer, declined to discuss the corporation's financial health Thursday, but documents filed in Pinellas-Pasco Circuit Court last month paint a gloomy fiscal portrait of the 15-year-old organization.

Straight officials were stung by last November's \$721,000 jury award to a former client who alleged she was abused and held against her will.

During a Jan. 18 hearing, in which the organization argued the \$615,000 in punitive damages portion of that award were excessive and beyond the non-profit organization's ability to pay, they described the organization's financial condition.

Straight Attorney Bill Rutger told the court the award could force the organization to seek ""bankruptcy proceedings" because it's liability insurance would not pay for punitive damages.

Circuit Court Judge Joseph McNulty granted the request, reducing the punitive damages to \$200,000, and leaving compensatory damages at \$106,000. Attorneys for the woman who filed the lawsuit, however, believe Straight's liability insurance does cover such damages and have asked for a new hearing on the issue.

In the meantime, Agliardi wouldn't say whether the reduction in damages would substantially improve the organization's financial condition.

""At this point we're not filing for bankruptcy," Agliardi said. He would not elaborate.

Rutger, quoting from sworn statements made by Straight officials, told the court last month the organization's only real assets were buildings and property where Straight treatment programs are located in St. Petersburg, Cincinnati, Orlando and Atlanta.

The properties, which are held by the Straight Foundation and leased to Straight Inc., have an estimated market value of about \$2.4 million but are almost impossible to sell because the buildings are designed like prisons and have virtually no other practical uses, Rutger said.

And sagging admissions and a decline in Straight's market, described as ""middle upper income children involved in drugs," have left the organization unable to pay rent to the Straight Foundation. The foundation infused \$684,000 into the drug treatment program between October 1989 and November 1990 to keep it operating, Rutger said.

""There is no liquidity in the corporation right now," Rutger told the court. ""Even if there were liquid assets, Straight needs a monthly operating budget and it's simply in the red and has been since 1988.""

The situation has forced the closing of its California treatment facility, 12 of 21 marketing offices and extensive layoffs in other Straight facilities, Rutger said.

In addition, Straight facilities are operating ""well below full capacity" and private donations have fallen off with the slumping economy, he said.

Straight clients range in age from 12 to 21 and pay about \$14,000 for treatment, which lasts about a year on average, spokeswoman Joy Margolis said. Clients attend daily counseling sessions at the treatment facility and

are housed at night by host families.

The program uses intensive peer pressure and a 12-step program similar to Alcoholics Anonymous to rehabilitate adolescent drug users, according to Straight literature.

During the past 10 years, the organization has agreed to pay tens of thousands of dollars to former patients who complained of being held against their will, but company officials say the complaints stem from treatment practices no longer in use.

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