Round of letters stirs GW Sugar controversy

By DON IYLE
News Staff

A round of letters to sugar beet growers from Great Western Sugar Co. has drawn a complaint from growers' attorneys, an investigation for possible contempt of court and a heated response to growers from the attorneys.

All of the letters center around a $146 million lawsuit filed by the Davis Cattle Co. on behalf of the growers and a stalemate in the negotiations for the 1975 sugar beet crop.

The first of the letters was sent by the sugar company to growers who produced less than 12 acres of sugar beets, worth less than $10,000, during 1974 and to Northern Ohio growers. Both those classes of growers aren't involved in the class action suit.

U.S. Dist. Judge Fred M. Winner had prohibited the sugar company from settlement talks with growers involved in the suit except through attorneys.

Great Western already has made an initial payment on the 1974 sugar crop of $26.25 a ton. The suit filed by Davis Cattle Co. for all of the growers claims that initial payment should have been much higher, based on the company's own earnings projections.

The sugar growers have refused to negotiate the 1975 sugar beet contracts with the company until they get further payments on the 1974 sugar beet crop.

BAD PRACTICE

And the company maintains it would be bad business practice to make any further payments on that crop until the court suit has been straightened out.

In the letter to growers not involved in the suit, William Herbert Hunt, co-chairman of Great Western Sugar, sent checks for additional payments on the 1974 crop of approximately $20 a ton. They included a first additional advance payment of $2.27, an interest payment at 11 per cent on that payment from Nov. 20, 1974, and a supplemental advance payment averaging $10.22 a ton.

The additional payments brought total payments on the 1974 crop to those growers not involved in the suit to approximately $46 a ton.

That letter also noted that average company payment to date on the 1974 crop was more than double the amount paid by the same date on the 1973 crop.

And, the letter added, payments made so far average $9.65 more than all five payments made for beets in 1973.

The letter said that an endorsement of the check would constitute settlement of any controversy over the level of the initial payment for the 1974 crop. And, it noted, if the person who received the check was a member of the class that is suing the company, the check should be returned.

The second letter was written on Feb. 11 to bankers involved in sugar financing for Great Western and other farm operations.

It was described as an explanation of the current standing of the sugar company's affairs.

It reviewed the proposed sale of the sugar company to the Great Western Producers Cooperative and the stockholder vote that killed the sale. And it reviewed sugar prices paid during the past two years to growers.

REVIEWED TAKEOVER

It also reviewed the successful takeover of the company by the Hunt brothers and the suit by Davis Cattle Co.

That letter said that the cooperative is "preparing additional litigation, of an enormous magnitude, concerning its failure to buy Great Western Sugar and the cooperative has refused to enter into negotiations with regard to settling this potential litigation as long as the Davis Cattle Co. litigation is unresolved."

The letter, written by Jack B. Powell, executive vice president of the sugar company, noted that those factors are standing in the way of distribution and planting of the 1975 crop.

"This preposterous condition, which could seriously affect the economic viability of the sugar beet industry and the areas in which we operate, cannot be allowed to continue as a stalemate," he wrote to the bankers.

The third letter, also by Powell, went to all the growers and was stronger than the other two.

It began, "For four months, the Great Western Sugar Co. has taken a lot of abuse in the newspapers and in speeches, and we are tired of it. For two months we have been subjected to enormous legal actions and stalling of the 1975 sugar beet contract negotiations."

"Together, these events could destroy your future as a sugar beet grower. It is that serious," he added.

That letter also reviewed the proposed sale of the sugar company and its conclusion: "Recognizing their disappointment, it seemed charitable to take some bad-mouthing," Powell said of the cooperative leaders.

IDEA WAS TO BUY

Then, he said, that the idea behind the cooperative was to buy the sugar company. If that deal fell through, it was to disband and the money was to be returned to growers.

But, he said, the leaders of the cooperative kept themselves on the payroll and retained a new law firm instead of returning money to members.

Speaking of the Davis suit and the proposed suit by the cooperative, Powell said, "One fact is quite clear concerning these controversies: the apparent intent is to burden the sugar company with large judgments in order to allow control to be acquired by the cooperative."

"Attempts to force an unwilling seller to sell is not my idea of fair business," he added. "I question whether men who carry out such schemes are fit leaders, and I don't believe all growers are familiar with this scheme."

He also said that if the influence of the cooperative precludes negotiation over the 1975 crops, the company wouldn't allow that to interfere with the grower's desire to grow beets. "We go on record that if enough growers want a 1975 contract, they will have one and it will be fair."

"CAN BE NO WINNERS"

If the refusal to negotiate creates an impasse designed to prevent a 1975 sugar beet campaign, Powell added, "There can be no winners, only many thousand losers."

"We cannot and will not tolerate the men or the conditions they create to interfere with a 1975 crop and campaign, risking your future as a sugar beet grower in a last desperate gamble for control of Great Western Sugar," he concluded.

A responding letter, mailed to growers by attorneys representing them in the Davis suit, the attorneys said that Great Western had challenged the fitness of the Davis suit in court by saying that it was a scheme to get the company to relinquish control to the cooperative.

But, the letter added, the judge rejected that contention.