GWU directors silent after Monday meeting

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Directors of Great Western United Corp. met in New York Tuesday in the aftermath of the annual shareholders' meeting Monday at which a major corporate reorganization plan was soundly defeated, but the firm issued only a brief statement saying the board would meet again Oct. 10.

The reorganization plan, which was based on the sale of Great Western Sugar Co., GWU's main cash-producing subsidiary, to a sugarbeet growers cooperative for $43 million in cash and notes, was rejected by holders of the company's 6 per cent debentures and later by common stockholders at a lively and sometimes heated meeting.

The tally of the common stock votes showed that the reorganization plan had been defeated by a vote of 1,170,109 votes, or 51.2 per cent of the possible votes, against and 242,689, or 10.6 per cent of the possible votes, in favor.

The debenture holders voted 49.2 per cent against and 10 per cent in favor.

The board was re-elected, however, and stockholders also voted down five shareholder proposals and confirmed the selection of Haskins & Sells as independent auditors for the coming year.

The company's statement concerning Tuesday's board meeting said directors would consider "organizational matters" and the payment of additional dividend arrearages on the $1.88 preferred issue at the meeting Oct. 10.

The reference to organizational matters could mean a challenge from the board to GWU president Robert Everett, who had been the moving force behind the proposed reorganization plan negotiated with the beet producers over the last three years.

Unanimous support among GWU's 12-member board for the plan has deteriorated within the last few months because of higher sugar prices. Company projections show that the sugar company should have operating profits of between $9 million and $65 million in the next 12 months.

Everett said both during and following Monday's shareholder meetings that he has no intention of voluntarily stepping down as president or of leaving the company.

Asked about dissent among the directors, Everett said he thinks the board "can continue to function" in its present configuration.

He said directors "will proceed cautiously over the next two or three meetings of the board" and that sugar profits will be the key to future policy decisions.

During the annual meeting director Nat K. Mendelsohn said he had "fought" the company's management and that he doesn't "have a terribly high opinion of the ability of the rest of my board."

There have been persistent rumors of a move by some directors to oust Everett, but corporate officials have tended to soft-peddle such hearsay.

High on the agenda for GWU's next board meeting will be the question of payment of additional arrearages on the company's $1.88 preferred stock.

On Sept. 15 the board voted to pay 47 cents a share of the arrearages on Oct. 11, leaving a total of $7,140,000 in arrearages on the $1.88 issue and $4,881,000 in arrearages on the $3 preferred which can't be paid until the $1.88 shares are brought up to date.

The company has indicated that it possibly could pay all of the $1.88 arrearages in the current fiscal year.

Meanwhile, officials of the sugarbeet producers cooperative indicated that they, too, will be holding meetings later this month or in early November to decide how to proceed.

There has been speculation that the growers will sue the company, and individual beet producers have indicated they may cut back planted acreage or even start their own sugarbeet processing factory.

Growers in the Yuma and Wray area, for example, are considering using the proceeds from the final payment they receive for this year's beet crop to study the possibility of setting up their own factory.

And attorneys in two law suits that have been filed against GWU said Tuesday that while there is currently no action in the suits both are still alive.

One of the suits was brought by William White Jr., former chairman of GWU, and the other by Albert Dworkin, a holder of the company's $3 preferred shares.

During Monday's meeting it was disclosed that Dworkin is the former tax accountant for Mendelsohn, a Los Angeles real estate man who sold properties to GWU that formed the nucleus of the corporation's third subsidiary, Great Western Cities Inc.

Albert C. Carny, attorney for Dworkin, said Tuesday his client now sees no reason to seek injunctive relief against the company but that the suit is still pending.

A hearing on the suits scheduled for Tuesday was not held, additional hearings weren't scheduled, and attorneys said they were uncertain what will happen next.