Hunts make stock offer in GWU control attempt

By ROBERT A. BURNS

Two sons of ultraconservative Dallas oil billionaire H.L. Hunt Thursday launched an open attempt to take control of Great Western United Corp. of Denver through a tender offer, and the company responded by urging shareholders to reject the tender offer until the situation can be clarified.

In a special meeting, GWU announced that James A. Krentler, its chairman, and Robert G. Everett, president, had resigned at a special board meeting, on Monday and Tuesday.

The company said R.J. Adelman, chairman of Arthur Rubloff & Co., a Chicago real estate company, has been named the tender chairman and acting chief executive officer.

Everett and Krentler will continue as GWU directors and Krentler will remain chairman of the board of Great Western Sugar Co., one of GWU's three subsidiaries.

Adelman, a GWU director since 1986, is listed in the company's most recent proxy statement as the owner of 2,228 common shares and 101 of the firm's newly acquired preferred shares.

Directors at Thursday's meeting also voted to abolish the executive committee established last month and designated Ireland, Stapleton, Pryor & Holmes of Denver as acting general legal counsel.

The company quoted Adelman in a statement to the effect that the resignations of Krentler and Everett were a result of a new board's intention to adopt a fresh approach to the recapitalization of the corporation, which might entail elimination of the board's company structure.

On Oct. 28 GWU announced that Bruce Ducker had been named president of Great Western City and Sugar Land, a GWU subsidiary, succeeding Everett. Ducker had been vice president, secretary and general counsel of GWU.

The company said the Thursday board meeting was recessed and would be reconvened early next week to consider the tender offer and the Hunt interests.

Bache & Co., a stock brokerage firm and manager of the tender offer, issued a statement during the morning in New York saying Nelson Banker Hunt and William Herbert Hunt are offering to purchase the minimum $10,000 GWU common shares at $27.50 a share net to the seller.

At that net price the Hunts would pay a premium of 20% over the stock price of $22.94.

If that many shares are tendered and purchased and added to the $27,000 common shares already owned and 2,000 by Bache & Co., the Hunts and their brother-in-law, Randall Kreiling of Dallas, their total holdings in GWU would be 2,977,000 shares or 34% of the total 8,664,000 common shares the company reported as outstanding on Aug. 31 this year.

In a letter to shareholders, Bache & Co. said a successful solicitation by the Hunts would give the Texas firm a 51% per cent control on a fully diluted basis.

Great Western United common rose to a new yearly high on the New York Stock Exchange Thursday and closed at $27.50, apparently on the news of the tender offer by the Hunts.

The stock closed at 26%, up 3% from Wednesday's close of $24,800 shares. The stock traded as low as 23% earlier this year and shot up rapidly when GWU's main revenue-producing subsidiary, Great Western Sugar Co., began reporting record-high profits as sugar prices skyrocketed an estimated 300% at the retail level.

Bache said terms of the tender offer state that the Hunts aren't obligated to accept any shares unless at least 90% are tendered and may or may not accept shares in excess of $10,000,000.

The investment concern said soliciting dealers will be entitled to a fee of 70 cents a share for each share accepted with a maximum of $35,000 per beneficiary.

Investment industry sources said that dealer fee is about 20 cents a share above the "normal" commission charge of around 50 cents a share, indicating the Hunts are making it attractive for brokers to handle the tendered shares.

Bache said the offer, effective Monday, will expire at 3 p.m. Mountain Standard Time on Tuesday, Nov. 6.

Officials of Great Western United, notably Everett and Krentler, were unavailable for comment.

But the company issued a statement saying it had been informed of the tender offer and that the board is "studying the situation" and would advise stockholders of the study's result as soon as possible.

"In the meantime, the board urges all shareholders to take no action with respect to their investment in Great Western United until they have heard further from the board," the GWU statement said.

William M. White Jr., former chairman and president of GWU, said he plans to sell the Hunts nearly all of his remaining stock in GWU and decline to say exactly how many shares he still owns.

"I'll hang on to a few shares just to maintain a root interest in the company," White said.

"It has been my judgment for sometime that Great Western Sugar and Shaiken's Inc. (another GWU subsidiary) are sound and fine companies," White continued.

"I think Great Western United would be well served by an entirely new ownership. This is not to speak evil of anyone, but it's only to say that the company has been through too many board room wars, and new ownership by wealthy and responsible people would be the best possible solution.

"A further individual with an immediate interest in the offer is Robert Owen, former head of Great Western Sugar and currently chief of a sugar beet growers' group that has fully supported to buy the sugar company from GWU earlier this year.

"We have been informed of the tender offer," Owen said Thursday, "and we have told the Hunts are well aware of the importance of the growers.

"We've also been told the Hunts will want to talk to us in due course, and we'll be ready to talk with them," Owen said.

He noted that the board of the cooperative was meeting Thursday to schedule a meeting of all member-growers, and that the subject of the Hunts' takeover undoubtably will be discussed.

The Hunts and their brother-in-law, began buying GWU common in October, soon after shareholders rejected a plan of corporate reorganization based on the sale of the sugar company to the beet growers and the spinoff of Shaiken's, the pizza restaurant subsidiary.

The Hunts trio initially moved to purchase 100,000 shares in the open market and said they would buy 100,000 shares at $25 a share from Everett and George Sarkisian, former, and his brother following a second open market buy of 134,000 shares.

And the Hunts said they acquired options to buy an additional 100,000 shares from Everett and the Sarkisians at $30 a share and have an option to buy 29,000 shares at not less than $25 from an affiliate of SMR Holding Co., a Houston firm.