Hunts make stock offer in GWU control attempt

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

In another development, GWU announced that James A. Krentler, its chairman, and Robert G. Everett, president, had resigned at a special board meeting in New York Thursday.

The company said R.J. Adelman, chairman of Arthur Rubloff & Co., a Chicago real estate concern, was elected GWU 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 1966, is listed as the company's most recent proxy statement as the owner of 2,228 common shares and 101 of the firm's 1.88 cumulative 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 "reflect the board's intention to adopt a fresh approach to the recapitalization of the corporation, which might entail elimination of a holding company structure."

On Oct. 28 GWU announced that Bruce Ducker had been named president of Great Western Cities, GWU's land development 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 by 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 Bunker Hunt and William Herbert Hunt are offering to buy a minimum 910,000 GWU common shares at $27.50 a share net to the seller.

At that net price the Hunts would pay $25,025,000 for the 910,000 shares.

If that many shares are tendered and purchased and added to the $27,000 common shares already owned or optioned by the Hunts and their brother-in-law, Randall Krelling of Dallas, their total holding in GWU would be 1,437,000 shares, or 68 per cent of the total 2,077,996 average common shares the company reported as outstanding on Aug. 31 this year.

In announcing the tender, Bache & Co. said a successful solicitation by the Hunts would give the Texans 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, apparently on the news of the tender offer by the Hunts.

The stock closed at 26%, up 3% from Wednesday. Volume on Thursday was 24,800 shares. The stock traded as low as 3% 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 per cent 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 910,000 are tendered and may or may not accept shares in excess of 910,000 on a pro rata basis.

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 beneficial owner.

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. 26.

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 stockholders 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, but declined 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 Shakey'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 the company has been through too many board room wars, and new ownership by wealthy and responsible people would be the best possible solution."