Beet growers nearing purchase of GW plants

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After 18 months of million-dollar haggling, Great Western Producers Cooperative leaders said Thursday that they have only a few last hurdles to overcome before reaching an agreement with Great Western Sugar Co. for the purchase of 17 sugar beet processing plants.

During the Thursday night Billings area meeting of co-op beet growers, final technical problems were explained to almost 200 members.

While a few expressed apprehension, by the time the two-hour meeting ended, the overwhelming majority enthusiastically supported their director's requests for wrapping up the $90 million-dollar deal.

WHEN THE GREAT Western Sugar Co., a subsidiary of conglomerate Great Western United, showed signs of financial instability in 1971, beet growers became more concerned about their industry's future. By September of that year, they formed a cooperative to buy out Great Western's operation.

To finance its takeover bid, the co-op levied a $1-a-ton of beets assessment from each member.

With a 5,400 membership in Montana, Colorado, Wyoming, Nebraska, Michigan, Ohio and Kansas, the co-op amassed $4.2 million trust fund to finance its down payment on the purchase of the plants.

All during 1972, troubles blocked the quick close of the deal. Both the company, which continued to be in financial difficulties, and the 16-member co-op board of directors encountered difficulties in ironing out details.

Robert Sakata of Brighton, Colo., chairman of the co-op board, told members "the board did too good a job protecting your money, now we need it to close the purchase and we cannot get to it."

SAKATA EXPLAINED that the co-op was attempting to complete a $90 million purchase with only 5 per cent down payment; and had convinced financial backers that its membership was solidly behind the takeover plan.

Then 125 members of the Nebraska co-op revolted and withdrew their support. Sakata maintained that small revolt shook the lenders' confidence.

So when the directors attempted to transfer the $4.2 million from the trust account into an active co-op account to comply with Securities and Exchange Commission requirements, they were told they couldn't do it without "significant" membership approval.

To comply with that request, Sakata's office sent "release forms" to every member, that would authorize the withdrawal of member's money from the trust and deposit in the active account.

Sakata said he has already received 1,400 releases already, but pleaded for more. Some members said they feared that if they released their money, they would risk losing it if the purchase again fell through.

THE CO-OP HAD been scheduled to sign the sale agreement on Dec. 28, but postponed closing and asked Great Western Sugar Co. for an extension of its option to buy. That extension was to expire Thursday, but at the last minute the company agreed to March 31, and agreed to extend again under certain conditions until May 1.

Sakata said "all we are waiting for is your releases... everything else is in order. As soon as we have the releases and have money in our active account, then we will have SEC approval to buy."

As soon as that option is exercised all that needs to be done is have the co-op sign agreements with 70 per cent of the beet producers for 70 per cent of the total acreage in the Great Western area, and "we are in business," he said.

Sakata said that within 10 days to two weeks after the contracts are signed we should have the purchase of the 17 plants all finished."

After the meeting several beet farmers who had not mailed their signed releases for the funds transfer to Sakata's office signed releases of their initial investment.

One Billings area farmer came forward and told Sakata, "I've already written you a letter demanding my money back, but after listening to you tonight I've decided to stick it out and sign the release... tear up that letter when you get back home."