

Day of loan was firm's turning point

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WATSONVILLE — Tuesday, Sept. 30 may go down as a turning point in the protracted labor dispute at Watsonville Canning and Frozen Food Co.

On that day Wells Fargo Bank agreed to loan Watsonville Canning owner Edward T. Console \$920,000, bailing Console out of a financial crisis that had shut down his company five days earlier.

And it was the day that the strike, which has idled more than 1,000 workers for more than 13 months, became Wells Fargo's responsibility as well.

Bank officials say that dealings between Console and Teamsters Union Local 912 are no affair of theirs. But loan-security agreements between Console and the bank, filed with the county Recorder's Office Oct. 3 and Oct. 7, indicate that Console's ability to do battle with the union has been strengthened by the bank's financial backing.

Aug. 1, 1985, Console was assured of the financial staying power he needed to resist the demands of the Teamsters union and absorb the punishment of a lengthy strike when the bank advanced him an \$18-million line of credit.

Watsonville Canning officials

were in the middle of contract negotiations with the union when the bank approved the loan. Console, operator of the country's largest frozen-food processing operation, was then demanding that workers at the plant accept a 36-percent pay cut and reduced medical benefits. Similar demands were being made of the union at Richard Shaw Frozen Foods, where company executives were seeking "wage parity" with Watsonville Canning.

Five weeks later, talks between the two companies and the union broke down and 1,700 workers at Shaw and Watsonville Canning walked off their jobs.

Shaw and the Teamsters settled their differences last February, when striking workers at the plant agreed to a \$1.21-an-hour wage cut from \$7.06 to \$5.85 — a blow softened by Shaw's agreement not to cut benefits and by a new profit-sharing bonus plan for Shaw workers.

But Console and Watsonville Canning's management continued to refuse union demands for an equivalent contract, holding to their "final offer," extended in Oct. 1985, of \$5.05 an hour and benefit cuts.

Console remained adamant even in the face of a threatened Teamsters economic boycott.

He continued to import replacement workers from Salinas, Gilroy

and other towns, busing them day after day past lines of taunting pickets. He continued to operate his company in the face of mounting security costs and legal bills.

And, he sent a low-ranking company official to the firm's first talks with the union in eight months. The talks, held in August, broke down after two days.

The same month, Console's company balked at cooperating with the National Labor Relations board in an election to determine whether workers at Watsonville Canning still wanted Teamster representation. The NLRB said company officials refused — until immediately before the election — to let the union see a list of replacement workers who would be voting.

The election results are not expected to be known for several years because of challenges by both sides.

All the while, Console continued to draw on his \$18 million Wells Fargo credit line.

But by Sept. 25, the line, it seems, had been fully paid out. In the middle of its peak packing season, Watsonville Canning shut down. All of the firm's replacement workers were laid off. The company's salaried employees were told to go home.

Company officials said then that the shutdown was caused by a "gap in product maturity."

The more likely explanation is that the firm just flat ran out of cash.

That is the consensus of industry sources 12 days after the shutdown.

The firm's phones were temporarily disconnected Sept. 29, because, according to a company employee who was fired for talking to a Sentinel reporter, Watsonville Canning had not paid its bill.

There are reports that the company owes an estimated \$10 million to growers, and that it has offered to make them "limited partners" in the firm if they will drop their claims.

One industry source says Watsonville Canning has been dumping its product on the market, selling it "at ridiculously low prices."

According to other food processors, Watsonville Canning is offering to pay 20 cents a pound for raw broccoli, 1½ cents a pound more than the rest of the industry is paying.

But, say the same sources, the company has continued to sell frozen, Grade-A broccoli spears, for instance, on the market for 46 cents a pound, while other processors sell them for 52 cents a pound.

On Sept. 30, with his plant standing idle, Edward T. Console went back

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to Wells Fargo Bank for another \$920,000.

That was the day that Wells Fargo officials could conceivably have told Console to settle his differences with the Teamsters and get back to business as usual.

But they didn't.

Wells Fargo spokesman Roger Cruzen said last week that Console's problems with the union are none of the bank's business.

The bank is "not party" to any labor negotiations — or lack thereof, he said.

"It is up to management," said Cruzen.

Cruzen said the bank had taken the 13-month-old strike into account during its latest dealings with Watsonville Canning. "We looked at the entirety of the situation," he said, adding he did not wish to comment further.

If Wells Fargo was aware of the strike and the stalled negotiations, and the implications of the dispute continuing indefinitely, Cruzen was asked, had it made any suggestions to Watsonville Canning as to what to do about the strike?

"Banks in general don't take a position on labor-management issues," he replied.

Wells Fargo bankers have left no stone unturned in their efforts to secure more than \$23 million in loans made to Console and his various enterprises over the last nine years.

Within the last nine days, the bank has attached virtually every piece of real estate owned by Console and his mother. The assessed valuation of the mortgaged Console properties is more than \$10 million. According to County Assessor Bob Petersen, their actual market value is probably double that figure.

Friday, new documents were filed with the county Recorder's Office,

Teamsters examining their Wells Fargo ties

WATSONVILLE — The Teamsters, representing the more than 1,000 workers striking against Watsonville Canning, are looking with a "keen eye" at Wells Fargo's maneuverings with the company's owner, Edward T. Console.

According to Alex Ybarraloza, who heads the union's national economic boycott of the company, the Teamsters do a "tremendous amount of business with Wells Fargo Bank — a lot more than Watsonville Canning."

Ybarraloza, who has close ties to state and national union leaders, said Friday the bank is "deeply involved" with the union's Western Conference pension funds.

In addition, he said, both Joint Council 7, the regional office for Northern California locals, and Local 912, representing the Watsonville Canning strikers, plus numerous other union or-

ganizations bank with Wells Fargo.

"We don't appreciate the role Wells Fargo Bank is playing," Ybarraloza said, adding, "The union moves cautiously, but even if Wells Fargo doesn't have control of the company, their role has been extended beyond the normal role of a bank financing a company."

Ybarraloza said that even if the bank is saying it has no responsibility toward workers, growers and others whose livelihoods depend on Watsonville Canning, "they may change their mind before this is over with. We're looking at Wells Fargo with a very keen eye."

Ybarraloza said he has been told that if the Teamsters are satisfied the bank is in the driver's seat, union President Jackie Presser will send out a directive ordering all union accounts switched away from Wells Fargo.

staking Wells Fargo's claim to all of the "furniture, fixtures, farming equipment, office equipment and business equipment of any nature," owned by Struve-Console Farms and California Freezing and Cold Storage Co., Console's frozen food warehouse business.

Bank claims to all the business assets of Watsonville Canning, its parent company, Conco Corp., and Console Frozen Foods, Console's produce brokerage firm, were estab-

lished more than two years ago.

Meanwhile, according to documents on file with the county, Watsonville Canning has been reduced to the status of a lessee on property it once legally owned.

In the event Console's empire collapses, growers — whose claims are technically against the company and not Console — are likely to find themselves out in the cold.

The bank, however, is well-protected.