

Wells Fargo has first claim to all assets of company

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Developments in the last week between Wells Fargo Bank and Watsonville Canning and Frozen Food Co. gives the bank first claim to all assets of the company.

Not only does Wells Fargo Bank hold deeds of trust for the property the Watsonville Canning and Frozen Food Co. plant sits on, but it also has claims on the fixtures and equipment inside.

Financing agreements signed in 1984 for new food-processing equipment give the bank claim to the equipment.

Records filed with the Santa Cruz County Recorder's office during the last week show Watsonville Canning and its holding company, the Conco Corporation, have six outstanding loans with Wells Fargo Bank from 1984 totalling \$1.1 million. Another \$1.5 million loan from 1984 was repaid in October 1985,

two months after the bank extended an \$18 million line of credit to Watsonville Canning.

A list filed with the county Friday of obligations secured by the personal real property belonging to company owner Mort Console indicates the entire \$18 million has been used. The line of credit was extended five weeks before Teamsters Local 912 employees went on strike.

The list of obligations to Wells Fargo totals more than \$22 million, but no indications are made on what the balances due are, and neither Wells Fargo nor Watsonville Canning officials will comment.

The collateral given to Wells Fargo Bank secures their position of being first creditor in line, before growers, if the company should file bankruptcy.

Sources among growers and food processors say Watsonville Canning owes about \$10 million to suppliers.

A company proposal to offer growers shares in ownership to forgive the debt has been considered by growers, but no formal restructuring plan has been outlined by the company, growers or the bank.

Growers' concerns are apparently being answered by the company, according to George Reese, chief of marketing enforcement with the California Department of Food and Agriculture. Reese said last week that he understood growers were being offered ownership shares.

The CDFA launched an inves-

tigation earlier this month to examine the company's debt to growers. Marketing enforcement has the authority to pull the operating license of Watsonville Canning if its repayment plan is not satisfactory to growers.

Reese said the company has been cooperative in providing requested information.

"I know how far the debt goes and I know who is owed what," said Reese. "They have some repayment going on and there is a plan to satisfy the debt."

Reese said the company is complying without his agency "having to flex any muscle...but I want to stress that we are still concerned with the situation."

Meanwhile, Watsonville Canning officials refuse to comment on the finances of the company.

The plant is operating with 500 to 550 workers, which will soon reach 700 to 800 by early next week, Personnel Director Larry Vawter said today.

Watsonville Canning began processing vegetables Monday after an 11-day layoff. Company officials said the layoff was because of a gap in the maturity of crops; they denied it was because of financial difficulties.

On Monday, the company estimated it would have about 500 workers that day. The figures now show "we started with 350 to 400," Vawter said.

Ron Stafford, of the Teamsters Union, said he counted 241 workers entering the plant at the main gate Monday.

"He sits at one gate," Vawter said, noting that employees also come in another gate.

Stafford estimated that no more than 20 would come in other gates; Vawter said the figure can range from 100 to 200.

—Staff writers Elizabeth Schilling and Lane Wallace contributed to this report.