

No accord yet on future of food firm

There has been no agreement in the current negotiations between Watsonville Canning and Frozen Food Co. and its major creditors, an attorney involved in the negotiations said yesterday.

Peter Radin Jr., an attorney with the San Francisco law firm that is representing Norcal Frozen Foods — a company recently formed by David Gill, the chief creditor of Watsonville Canning — issued a prepared statement that he said was intended to counter "misinformation" about the negotiations that has appeared in the press. He said he was referring to news stories intimating that an agreement had either been concluded or was imminent. He also said he wanted to make it clear that "nobody was authorized to speak on behalf of Norcal Frozen Foods but Gill, the King City vegetable grower to whom Watsonville Canning reportedly owes about \$5 million.

Speculation about Norcal taking over Watsonville Canning, fueled in part by news stories based on unidentified sources, has been rife for several weeks.

Radin, who said he also represents Gill personally, would make no comment about the rumors apart from the prepared release that he read over the telephone. The statement:

"Because of certain misinformation recently circulated in the press, Norcal Frozen Foods Inc. would like to make it clear that no agreement has been reached between Norcal and Watsonville Canning and Frozen Food Co. Negotiations between the two parties are continuing. Norcal has hired no employees to date and the only person authorized to speak on behalf of Norcal is David Gill."

Radin said he did not personally know which specific news stories contained the "misinformation" referred to in the press statement. He would not comment on the status of the negotiations, nor would he respond to questions about the specific purpose of the negotiations. News stories have indicated that Norcal is negotiating to actually take over operation of the company, but Radin cautioned against making any conclusions about the nature of the negotiations.

Radin's statements came against the backdrop of the strange occurrences of last Tuesday. On that day, workers at the Watsonville Canning personnel office were answering the phone, "NorCal Freezers." But on Wednesday, they were answering, simply, "Personnel office."

NorCal Freezers was the name originally given to Gill's firm when it was first registered with the secretary of state's office. Radin said it has since been changed to Norcal Frozen Foods.

In another development on the Watsonville Canning situation, state Sen. Henry Mello said he expects to talk to Floyd Mori, who toured Watsonville Canning last week on behalf of a group of Japanese investors who are interested in purchasing an American frozen-food-processing plant.

"I expect to hear from him (Mori) on Monday," Mello said yesterday, adding that he would like to know if Mori's group is still considering buying Watsonville Canning.

Mori, a former state assemblyman from Alameda County, wrote to Mello in January saying he represented Japanese investors interested in buying a frozen-food company. Mori asked Mello to show him some of the companies.

Mello took Mori to Watsonville Canning last Friday, but hasn't heard from him since. Although Mori expressed some interest, there is no formal proposal.

"No one is writing out a check," Mello said. He emphasized that Mori's interest "is not intended to conflict" with other negotiations regarding the plant.

When Mori wrote to Mello, he said his clients were interested in buying a plant in the \$50 million to \$100 million range.

Mello said he told Mori the local plants aren't worth that much, adding that he thinks Mori's group might be interested in a chain of several smaller plants.

The mention of the dollar figures is an indication the group is serious about investing in the industry, Mello said.

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