

C. Brewer sale price brings lawsuit

Firm charges contract broken

By Frank Cho
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A holding company in Troy, Ala., yesterday sued the owners of C. Brewer and Co. Ltd., one of Hawai'i's oldest companies, after Brewer terminated a proposed acquisition of its holdings late last month.

Among other things, the lawsuit, filed in Hilo's 3rd Circuit Court by Strother Timberlands Ltd., Henderson Timberlands Ltd. and Continental Pacific LLC, accuses Brewer of breaching its contractual obligations and hiding millions of dollars in payments to select Brewer executives if the deal closed.

Kenneth Kupchak, the Honolulu attorney representing Brewer and its shareholders, said yesterday he had not seen the lawsuit and could not comment. "We are very surprised that someone would say these things about so many prominent people in our community," Kupchak said.

Brewer, a Hilo-based specialty foods, agricultural and land company, ended discus-

sions over the unsolicited offer after four months of negotiations to consummate the \$160 million purchase of Brewer's Hawai'i assets.

"We deeply regret having to file suit. However, we saw no alternative under the circumstances," said Jeremiah Henderson, principal for Henderson Timberlands. "We remain willing to work with those shareholders who are willing to honor the original agreement which was made."

Henderson said investors had \$5 million deposited in Hawai'i for a down payment and arranged \$160 million in financing to complete the purchase after more than 90 percent of Brewer's shareholders approved the deal.

The suit alleges that Brewer agreed to sell its operations for \$31 a share, but a series of changes and manipulations to alter the share price by Brewer scuttled the deal.

Some of the other shareholder defendants named in the suit are: Paul Loo, a Brewer shareholder and director who is also the senior vice president for Morgan Stanley Dean Witter's Pacific region in Honolulu; Mufi Hannemann, a Honolulu city

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councilman and mayoral candidate, and Doc Buyers, Brewer's chairman and chief executive officer.

Brewer, a wholly owned subsidiary of Bayco Inc., is one of Hawaii's original Big Five companies and the oldest business still operating in the state. It owns or controls about 77,000 acres on Maui and the Big Island. Subsidiaries include Mauna Loa Macadamia Nut Corp., Brewer En-

vironmental Industries, Mauna Kea Agribusiness Inc., Waialeale Agribusiness Inc., and Ka'u Agribusiness Inc.

Brewer was taken private in 1986 in a \$202 million leveraged buyout led by Buyers. Former executives at Brewer said many of its investors are now in their 70s and would like to cash out.

According to the suit yesterday, this is the second time since 1998 that the Alabama companies have tried to buy the privately held Brewer. The privately held

Strother owns and manages more than 300,000 acres of forest lands in Chile and the southeastern United States. In 1998, the company bought 3,200 acres of pasture land on the Big Island for timber production.

The suit is asking the court for damages and costs incurred by the investors, but does not list a specific amount.

"We had exciting plans to revitalize the company on the Big Island and on Maui where it had substantial holdings," Henderson said.