



Mateusz Perkowski/Capital Press File
The Wilco-Hazelnut Growers of Oregon cooperative's processing facility in Donald, Ore.

Hazelnut processors reach settlement deal

By MATEUSZ PERKOWSKI
Capital Press

The Hazelnut Growers of Oregon cooperative has settled a lawsuit brought by a smaller processor who sought \$2.4 million for alleged contract violations and trade secret theft.

Pacific Hazelnut Farms of Aurora, Ore., filed the complaint last year, accusing HGO of breaching packaging, license and supply agreements while misappropriating proprietary recipes and processes.

Though the companies aren't disclosing the terms of the settlement deal, they do plan to continue working together.

Andrew Halls, owner of Pacific Hazelnut Farms, said that resolving the disagreement turned out to be "very simple" after several discussions with Sam Bugarsky, CEO of the Wilco cooperative, which merged with HGO.

"Basically, once Sam and I sat down and went through what the dispute was, it was quite clear what needed to be done," Halls said.

The Wilco-HGO cooperative said the settlement will benefit the hazelnut industry and "both parties regret we weren't able to come to an agreement sooner."

Bugarsky said the lawsuit sprang from a "communication breakdown" during contract re-negotiations, which occurred when the coronavirus pandemic started.

"Everybody was distracted at the beginning of the COVID outbreak," he said.

The cooperative will continue to supply Pacific Hazelnut with hazelnuts and sell the company's finished products, though not under HGO's Oregon Orchard brand, he said.

The lawsuit claimed that HGO contracted with Pacific Hazelnut to process and package hazelnuts under the Oregon Orchard brand but hadn't met the guaranteed volume.

Pacific Hazelnut claimed the cooperative hadn't made a required compensation payment for falling short of the agreed volume, didn't honor an agreement to hear product development pitches and disregarded an exclusive license that allowed the plaintiff to use the Oregon Orchard trademark.

The complaint also alleged that HGO representatives took "willful or malicious" steps to learn recipes and processes at Pacific Hazelnut in order to manufacture "identical" products.

In its answer to the complaint, HGO alleged that Pacific Hazelnut hadn't made a "good faith effort" to obtain "safe quality food" certification for its facility as required by contract and hadn't taken "reasonable steps" to protect its trade secrets, among other defenses.

The cooperative also filed a counterclaim against Pacific Hazelnut, alleging the company hadn't lived up to sales requirements under an earlier contract to license the Oregon Orchard brand.

Pacific Hazelnut had sold less than one-third of the amount of Oregon Orchard products required under the earlier contract, causing HGO to lose royalty payments, according to the counterclaim.

U.S. Wheat chairman: Biggest need is face-to-face contact

By MATTHEW WEAVER
Capital Press

Oregon farmer Darren Padget is ready for another year as chairman of U.S. Wheat Associates. But he hopes to meet customers face-to-face again.

Personal contact is the biggest need in the coming year, he told the Capital Press from his combine in Grass Valley, Ore.

"We've got everything else going, the exports have been flowing," Padget said. "That never got interrupted."

U.S. Wheat, the overseas marketing arm for the industry, has been able to have limited contact with overseas buyers.

"But we don't have the board trips and the farmer-to-end user contact that we relish," Padget said.

Overseas customers in some countries have been "surprisingly slow" to get vaccinated, he said.

U.S. Wheat recently has had team seminars with key customers, such as China and South Korea.

"Those are good to reach a lot of people, and I've been able to do it from my field,



U.S. Wheat Associates

Darren Padget at his Grass Valley, Ore., farm in 2019. Padget began his term as chairman of U.S. Wheat Associates in July 2020.

so I guess that's kind of an interesting twist," Padget said.

In some cases, buyers have been able to see harvest as it is actually happening.

"They're watching the combine run or in yesterday's case, we had to blow it out because we were switching seed varieties," Padget said. "Stuff they wouldn't normally see."

Several representatives from a Japanese company will visit Padget's farm in August as part of their annual crop tour. Those customers are stationed in the U.S., Padget said.

"I will take that as a win," he said. "That's the first visitors we've had in two years."

A South American conference is scheduled for November. U.S. Wheat is

slated to have its annual fall board meeting in Kansas City, Mo.

"Everybody hopes to get out and about, but that's just not happening right now," Padget said.

Padget estimates he and other farmers are harvesting about 60% of a normal wheat crop due to drought conditions.

"However, the quality has

been surprising," he said. "I just wasn't expecting as good of quality as we've had with the finish we had in that hot weather. I think we'll be able to satisfy our customers' needs as long as they're able to be a little flexible this year."

White wheat ending stocks may be a little tighter this year than originally anticipated.

"It's going to be an interesting year," Padget said. "I don't know if the price is going to make up for the lack of quantity, but I think there's definitely going to be marketing opportunities we didn't foresee, even five or six months ago."

Padget finds U.S. Agriculture Secretary Tom Vilsack's selection of Daniel Whitley to USDA's Foreign Agricultural Service to be a positive sign.

"We've dealt with administration changes before, and we'll deal with this one," he said.

U.S. Wheat and National Association of Wheat Growers both extended terms for the 2020 slate of officers due to the COVID-19 pandemic.

EPA, Army want input on WOTUS

By CAROL RYAN DUMAS
Capital Press

The Environmental Protection Agency and U.S. Department of the Army have announced virtual meetings to get public input on their efforts to revise the definition of "waters of the United States" or WOTUS.

The agencies said their efforts are focused on developing a reasonable, effective and durable definition of WOTUS that protects public health, the environment and downstream communities while supporting economic opportunity, agri-

culture and other industries.

The agencies' process includes two rulemakings.

A forthcoming foundational rule would restore the regulations defining WOTUS that were in place for decades until 2015, with updates to be consistent with relevant Supreme Court decisions. A separate, second rulemaking process would refine this regulatory foundation and establish an updated and durable definition of WOTUS.

The intent is to restore protections and write a rule to define WOTUS that is grounded in science and the

law, emphasizes effective implementation and prioritizes collaborative partnerships with states, Tribes, local governments and stakeholders, the agencies said in a press release.

To help ensure EPA and the Army hear from diverse perspectives, future engagement activities will be developed in coordination with the USDA.

"It is vital that farmers and rural Americans have a seat at the table and a voice in this process so that the rule responds to concerns and realities on the ground," USDA Secretary Tom Vil-

sack said in a press release.

"The engagement in the coming months is important, and I encourage all stakeholders to provide their experiences and views in order to help shape future policy," he said.

The virtual meetings are set for:

- Aug. 18, 3-5 p.m. EST.
- Aug. 23, 1-3 p.m. EST.
- Aug. 25, 3-5 p.m. EST (for small entities).
- Aug. 26, 6-8 p.m. EST.
- Aug. 31, 3-5 p.m. EST.

The agencies have also reserved Sept. 2, 2-4 p.m. EST for an additional meeting that will be added if all

speaking slots are filled in earlier meetings.

Persons or organizations wishing to provide verbal recommendations during the meetings will be selected on a first-come, first-serve basis. Individuals will be asked to limit their spoken presentation to three minutes.

Once the speaking slots are filled, participants may be placed on a standby list to speak or continue to register to listen to the recommendations.

To register or submit written recommendations, visit: www.epa.gov/wotus.

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