

# Modern Business Philosophy

**I**N THE year 1926 by reason of unexpected activities on the part of the Department of Chemistry, the Rogue River Valley faced the most serious situation that had ever developed in the history of the fruit industry in Southern Oregon.

Out of a clear blue sky and without warning we were notified by agents of the Department of Chemistry that our fruit was unfit for human consumption by reason of arsenical spray residue.

It was a fact that for many years the fruit growers on the entire Pacific Coast, reaching from the Canadian line to Mexico, had been advised and even compelled by State and Federal ordinances to use arsenate spray to control codling moth and so far as the growers or shippers were concerned, they were innocent of any wrongdoing.

We will not relate the harrowing situation that developed when we all were confronted with a demand from the Department of Chemistry that we either dump our fruit in Oregon or remove all traces of spray residue from our fruit on a moment's notice. It was true no machinery for this purpose had been devised or even thought of at that time.

It transpired that the first car to be seized by the agents of the Department of Chemistry was one packed by the Suncrest Orchards, Inc., which car of fruit was declared by the agents of the Department of Chemistry as well as our local county agent to be as clean and as free of spray residue as any car leaving this valley, we having installed one of the first Stebler brushing machines that was ever used in the fruit industry in the entire Northwest.

We received notice in writing from the county agent that this car was being seized as an example or as a test car. When the car in question reached destination at Chicago it was seized by agents of the Department of Chemistry and finally destroyed by them without any due process of law and resulted in the loss not only of the fruit, the packing charges, but the freight and other charges were added to this loss.

Immediately following the destruction of this car of fruit, we notified the growers with whom we had contracts, both in writing and verbally, to the effect that to all intents and purposes their fruit had become contraband—that we could no longer accept same as good delivery on contracts. The growers fully understood the situation and entered into new agreements with us whereby any fruit that we received thereafter would be handled under the following terms: That we would not be required to pay for the fruit in case of seizure or condemnation on the part of the Department of Chemistry, and new written contracts were provided including this clause.

**E**VERY fruit grower as well as every packer and shipper in the Rogue River Valley will recall the strenuous efforts we made at that time to defend their and our property from what we considered unwarranted and unconstitutional attacks that were being made against it by agents of the Department of Chemistry.

An injunction was obtained preventing further interference in the operation of our packing plant. Notwithstanding this injunction Federal agents continued to harass us at the packing plant. Car numbers were taken of every car that we shipped, notwithstanding we had adopted and employed every known measure of cleansing the fruit.

Forty-one cars were seized at one time at Eastern destination. Agents of the Department of Chemistry operating in all parts of the United States, especially in New York, Boston, Philadelphia and Chicago, had been notified to watch for the Glen Rosa brand, to seize it and to cast aspersions on it as being especially unclean and unfit for human consumption.

We declared that all of these acts up to that time had been illegal and unconstitutional on the grounds that our property had been seized without due processes of law and that we were not given an opportunity to defend ourselves or our property in open court, as it were, and challenged the Government to proceed in a proscribed manner and to seize and libel our fruit, thereby giving us an opportunity to be heard in court.

Mr. Jardine, Secretary of Agriculture, accepted the challenge and did seize and libel a large block of fruit stored in the United States Cold Storage plant at Chicago. This gave us our first opportunity to be heard

in defense of property that was being destroyed on all sides through secret processes.

We employed counsel at Medford who in turn engaged prominent legal assistance in Chicago, who appeared in the Federal courts and ably defended our property. The shameful and disgraceful methods employed against us by Federal agents at this trial, the glaring abuse of the high office of the Federal judge who heard this case, the abusive treatment of our witnesses and everything else that goes to make up a farcical trial was provided for us, and the Government "found" against us.

We then put up a cash bond for the release of these cars under libel, which cash bond has never to this day been returned to us, and under this bond the fruit was released and we were permitted to forward same to our agents at Boston to be sold under Federal observation. Our agents at Boston advised us immediately on the arrival of the fruit that the fruit

Medford, Oregon, October 23, 1928.

## Resolution--

WHEREAS, In the pear harvesting season of the year 1926 the Rogue River Valley experienced unexpected difficulties in marketing its crops of pears and apples by reason of interference on the part of agents of the Department of Chemistry, and

WHEREAS, Our fruit was declared to be unfit for human consumption by reason of arsenical spray residue, and

WHEREAS, Contracts which had been entered into with the Suncrest Orchards, Inc., became null and void, thereby necessitating new contracts, which provided a clause absolving the Suncrest Orchards, Inc., from all liability for the purchase price of the fruit in case of seizure or condemnation on the part of agents of the Department of Chemistry, and

WHEREAS, Seizures did take place in the marketing of our crops resulting in tremendous losses, and

WHEREAS, The Suncrest Orchards, Inc., of its own volition has elected to assume the full burden of the losses and to pay in full, and

WHEREAS, Such payments have now been made in full,

BE IT THEREFORE RESOLVED, That we, the undersigned, hereby express our full appreciation and full recognition of the principle that governed the Suncrest Orchards, Inc., in assuming the full burden of this loss.

Hill Estate  
Howard A. Hill  
Bert Anderson  
Harry Pellett  
Nye Orchard, by S. A. Nye  
O. B. McGow  
Chris Wolf

Charles C. Stacy  
Berthold Barnum  
L. M. Loffland  
L. D. Harris  
C. W. Isaacs  
Walter Leverette  
Chris Götleib

was in perfect condition and they would have no difficulty in selling it at big prices. We later received a wire from them stating that they were having some difficulty in cleansing the fruit to meet the requirements of the Department of Chemistry. Still later we received advice from Boston that notwithstanding they had washed this fruit three times in a solution of muriatic acid that Government officials had denied them the privilege of selling, with the result that the entire quantity was eventually dumped, not only leaving us a loss of the fruit, packing, freight and cold storage charges, but in addition we were required to pay \$400 per car demurrage which took place while the struggle was going on in Chicago and Boston to cleanse this fruit to meet the demand of the Department of Chemistry.

Briefly, the agents from the Department of Chemistry, goaded on by Secretary Jardine, had literally and vindictively followed this fruit to the grave.

**N**OW I am getting back to the text of this statement, viz., "Modern Business Philosophy."

As a result of the foregoing circumstances the Suncrest Orchards, Inc., suffered a loss on the basis of purchase price of the fruit of a total of \$76,000, covering the season's operations in the Rogue River Valley for 1926. When we closed our plant and started back for California about November 1, 1926, we were indebted to the growers in the Rogue River Valley, basis contract price, in a total of \$51,000. We had already paid to them approximately \$150,000 on contracts and had turned over to them every penny that we had received, including all that we had received on our own large crops, with the result that when we started south we had scarcely enough money to purchase gasoline to propel our cars into California. This statement is literally true.

We were then being characterized as irresponsible, tin-horn speculators. Statements of the most damaging nature were being circulated on all sides of how we had failed to meet our obligations with the growers.

What were we to do with reference to the \$51,000 still due the growers, basis full contract prices? Were we to fall back on the clearly specified terms of our contracts which provided that the growers should stand all of the loss by reason of seizures and condemnations? If so, this would not only wipe out the full \$51,000 but we would also have claims against the growers for large amounts of money already paid them on these contracts.

Viewing our picture as a whole and knowing more about our financial ability than did our critics, we realized that notwithstanding the legal aspects of our contracts with the growers that we were far more able to accept the full responsibility of this loss than they were.

We further realized that if we were to fall back on the full meaning and the intention of our contracts that some of the growers, at least, would actually lose their property, as they were then badly involved. It would further provide for misunderstandings, hard feelings, interruption of pleasant business relationships and the tearing down of the very ideals that we had endeavored to sustain since tasting our lot in the Rogue River Valley. Under these circumstances we decided to accept full responsibility and to pay our growers 100 cents on the dollar.

It required not only patience and steadfastness of purpose to accomplish this but it also required a portion of the crops we produced on our own orchards in California and Oregon to liquidate this tidy little deficit of \$51,000.

We wish that our leading bankers would take notice of the following statement: The growers to whom we were thusly indebted on contracts had no security whatsoever. They were not even fortified by a moral or legal obligation on our part, and yet they have been paid in full 100 cents on the dollar and here is where the modern business philosophy applies.

Does this philosophy pay in business? We answer most emphatically it does pay and we would not at this moment trade the high esteem in which we hold these growers, and which in turn is accorded to us by them, for any monetary consideration. We have not suffered one particle, excepting of course by the unwarranted abuse and attacks which have been leveled at us by certain of our competitors who consider it good business to strew our pathway with thorns instead of roses, but we soon become accustomed to the thorns and could traverse them on our upward journey with a smile and proper sympathy.

At this point we wish to correct a wrong impression that seems to prevail in fruit circles in the Rogue River Valley. We have been credited with saving the Hill estate, which in 1926 was in the hands of a receiver. The Hills themselves, through their own capable management, have saved their own estate. Mr. Dillon Hill, before he died, had finally taken the "bull by the horns" and was shaping his affairs for eventual success. Since his death Mrs. Hill and her three sons have with the same steadfastness continued his policy, and have sold their fruit for cash, which has resulted in a short three-year period in placing their estate on a sound foundation. We have not paid the Hills any more nor, any less than we have any other growers in the valley, therefore are not entitled to any credit whatsoever.

A resolution adopted by the growers themselves and published herein, setting forth the faithfulness of the foregoing statements, is worthy of profound thought.

\$51,000 Has Now Been Paid in Full

Suncrest Orchards, Inc., By Llewellyn A. Banks