

Luter gives Wake Forest \$1 million

President Thomas K. Hearn Jr. made a special announcement at the University's annual Founders' Day Convocation—an announcement which brought applause and enthusiastic smiles from the crowd of students, faculty, and staff. Hearn announced that Smithfield, VA resident Joseph W. Luter III ('62) and his wife, the former Barbera Thornhill of Raleigh, have given \$1 million to Wake Forest for support of two building projects and the intercollegiate athletics program.

Luter, chairman of Smithfield Foods, Inc., designated \$500,000 to be applied to construction of the University Center. The Advantage Campaign, a fundraising effort for the new Lawrence Joel Memorial Coliseum, will receive \$100,000, and \$400,000 will go to the men's and women's athletic programs.

Smithfield Foods is a giant southern meat-packing company located in the village of Smithfield, the ham capital of the world.

When his father died suddenly in 1962, the twenty-two-year-old Luter abandoned his plans to go to law school and joined Smithfield Packing Company, the family business. Four years later—at age twenty-six—he was president of the company.

In 1969 Luter sold the Smithfield Packing to Liberty Equities Corporation a conglomerate based in Washington, DC. He was fired six months later.

According to an article in *The South* magazine, soon after the sale Liberty Equities began to unravel. Investigators from the Securities and Exchange Commission uncovered questionable financial dealings and halted trading in the conglomerate's stock. In an effort to survive the crisis, the conglomerate's new managers changed the name in 1971 to Smithfield Foods Inc. and moved the headquarters from Washington, DC, to Newport News, VA.

Under a new chairman, Smithfield Foods started a restaurant chain—and borrowed heavily. The situation worsened during

the 1973 Russian Wheat Deal, and there were frequent changes in management. As losses mounted in late 1974 and early 1975 the company's main creditor threatened to recall a \$10 million note unless Smithfield's top management was changed. In April 1975 Luter returned to Smithfield Foods chairmanship determined to rescue the company.

Luter faced a tough challenge. The company had a negligible net worth of \$1.35 million and \$17.4 million in long-term debt. Company stock was trading at \$.62 a share.

Luter sold the restaurant chain and thinned the management ranks—and revitalized the company. During his first month back on the job, Smithfield Foods made a profit and has been profitable ever since. Sales for the fiscal year which ended in April 1986 were \$864,324,000. Sales for the current fiscal year are projected to exceed \$1 billion. At present, Smithfield Foods stock is trading in the middle \$20s.

Luter joined the University's Board of Trustees on January 1, 1987. In 1982, he received Wake Forest's Distinguished Alumnus Citation. He was a member of the Babcock Graduate School of Management Board of Visitors from 1980 to 1984.

In addition to this gift, Smithfield Foods contributed \$100,000 to the Sesquicentennial Campaign. In recognition of the family's generosity, West Residence Hall will be re-named in memory of Luter's father, Joseph W. Luter Jr.

About his \$1 million gift to Wake Forest, Luter said, "I am excited about the future of Wake Forest and the leadership of Tom Hearn, and I wanted to play a part in the development of this fine school. More than that, I wanted to repay a debt that is twofold. First, when I was in school, I know that tuition did not cover the cost of my education. And, whatever success I've had would not have been possible without my Wake Forest education."

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Joseph Luter (right) chats with President Hearn.



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