SEAFAX

FIRST NEWS

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Your daily food industry update

COLLECTIONS PLACED

Latin American Grill Doral -- Miami, FL (#853174) -- $5,555

RATING CHANGES

Better Class Foods, Inc. -- dba People's Choice -- Brooklyn, NY (#73013) **L to I**

R=Recommended L=Limited I=Inconclusive C=Cautionary Status H=High Risk T=Too New to Score S=Significant Event U=Unable to Score

SPECIAL UPDATE

P.F. Chang's China Bistro, Inc. dba P.F. Chang's China Bistro -- Scottsdale, AZ -- P.F. Chang's China Bistro Inc and Centerbridge Partners LP announced July 2 that Wok Acquisition Corp successfully completed the tender offer for all outstanding shares of P.F. Chang's common stock -- P.F. Chang's revealed in early May that Wok Acquisition Corp, an entity that is wholly owned by funds advised by Centerbridge Partners, commenced a tender offer to acquire all of its outstanding shares of common stock for $51.50 per share in cash -- P.F. Chang's and Centerbridge Partners value the transaction, which will result in the restaurant operator becoming a private company, at approximately $1.1 billion -- The transaction was conditioned upon satisfaction of the minimum tender condition of approximately 83% of P.F. Chang's common shares and other customary closing conditions -- The depositary for the tender offer advised that, as of the June 29 expiration, approximately 17.8 million shares of P.F. Chang's common stock were validly tendered and not withdrawn, representing about 83.7% of the restaurant company's common stock, giving Centerbridge control of P.F. Chang's -- According to P.F. Chang's, Centerbridge intends to promptly move forward with a "short-form" merger under Delaware law after exercising its top-up option under the merger agreement and P.F. Chang's will become an indirect, wholly owned subsidiary of Wok Parent LLC
(#96095)

Save Mart Supermarkets dba Food Maxx -- Modesto, CA -- The United Food and Commercial Workers Union (UFCW) announced June 30 that Save Mart Supermarkets employees represented by the union authorized a strike by a 94% margin -- In mid-June, the union said it gave Save Mart its "last, best and final" offer related to contract negotiations -- The previous contract for 62,000 union supermarket workers, including Save Mart, Raley's and Safeway Inc employees, in northern and central California expired in October, 2011, but the workers had been covered by a series of extension agreements since that time -- After a majority of Raley's workers represented by the union authorized a strike in early June, the parties agreed to continue negotiations, but the supermarket chain rejected the UFCW's most recent proposal during negotiations held June 8 with a federal mediator -- The union said its negotiations with Safeway are ongoing -- The contracts between Save Mart, Raley's and Safeway and the UFCW are now on a day-to-day extension requiring three to seven days' advance notice by either party to cancel
(#20961)

Smart Balance, Inc. -- Paramus, NJ -- Smart Balance Inc announced July 2 it finalized its previously announced acquisition of the assets of Udi's Healthy Foods LLC for the sum of $125 million in cash from the company majority shareholder, Hubson Acquisition LLC, the founder's family and other minority holders -- Smart Balance said the acquisition, as well as the refinancing of existing outstanding debt, was funded with the proceeds of a new $280 million senior secured credit facility -- Based in Denver, CO, Udi's Healthy Foods marketed gluten-free products under the Udi's Gluten Free Foods brand in the retail market and foodservice channels -- According to Smart Balance, for the 12 months ended March 31, Udi's Healthy Foods' sales were $60.9 million -- Smart Balance said the inclusion of Udi's Healthy Food in its portfolio of health and wellness brands will position the business as a leader in gluten-free, accelerate its growth rate and further diversify its mix toward high-growth natural brands
(#852620)

NEWS DIGEST

Belle Foods, LLC -- Birmingham, AL -- *Belle Food completes purchase of Southern Family Markets*

A representative of Belle Foods LLC, a recently established company, confirmed July 2 the company successfully completed its acquisition of the assets of Southern Family Markets LLC, a wholly owned subsidiary of C&S Wholesale Grocers Inc, effective June 30.

Financial details related to the transaction were not disclosed.

Belle Foods' representative, who was employed by Southern Family Markets prior to the acquisition, stated all trade debts owed by the purchased company will be paid in full in the normal course of business.

The representative said Belle Foods has offered employment to the majority of Southern Family Markets' employees.

In a letter dated June 20, Belle Foods advised that Southern Family Markets' customers will begin seeing a name change to Belle Foods on invoices over the next few weeks.

Belle Foods' letter stated that the basic procedures used by Southern Family Markets' customers will remain the same as in prior years.

The Birmingham News newspaper said in February that Belle Foods was formed by William "Bill" White, who has reportedly worked in retail and wholesale distribution for the past 30 years, specifically to purchase Southern Family Markets. The newspaper stated White is Belle Foods' president and chief executive officer, while his son, Jeff White, is the new company's chief administrative officer.

Max Henderson, Southern Family Markets' president, said in a prepared statement obtained by the Birmingham News that the acquisition by Belle Foods would allow the supermarket business to continue its commitment to its communities, develop and grow its associates and improve operations.

C&S Wholesale Grocers will continue to provide warehousing, distribution and procurement services to the acquired stores.

C&S Wholesale Grocers established Southern Family Markets in

2005 when it acquired over 100 stores from Bi-Lo LLC and Bruno's Supermarkets Inc. Southern Family Markets also acquired seven stores from Winn-Dixie Stores Inc in 2005. In 2006 and 2007, Southern Family Markets announced it was selling or closing several of its stores.

At the time of the acquisition Southern Family Markets operated 57 stores throughout Alabama, Florida, Georgia and Mississippi under the Food World, Piggly Wiggly, Bruno's and Southern Family banners.
(#849629)

Food Services of America, Inc. -- Scottsdale, AZ -- *FSA completes purchase of certain Yancey's assets*

Chris Boyd, vice president and 25.43% stockholder of Yancey's Food Service Co, and now also a representative of Food Services of America Inc, confirmed July 2 that Food Services of America completed its acquisition of certain assets of Yancey's effective June 30.

Financial details related to the transaction were not revealed.

The assets sold to Food Services of America included Yancey's Loveland, CO-based facility, certain inventory, some vehicles and certain customer accounts. Food Services of America intends to operate the Loveland location as a division.

Boyd reiterated July 2 that Yancey's retained its Defense Commissary Agency government business, therefore the company's stock and some operations will continue, but on a much reduced basis.

Specifically, Yancey's expects its annual sales to now range between $30 million and $40 million, compared to the approximately $145 million in annual sales before the asset sale. In addition, Yancey's Food Service retained 30 employees, while about 170 of the company's former workers are now employed by Food Services of America.

Boyd stated that Food Services of America expects growth in all segments as a result of the asset acquisition.

Doug Minert, the president and chief executive officer of Food Services of America, and Greg Yancey, the president of Yancey's Food Service, each issued a statement in June on the companies' respective web site announcing the deal. Yancey conveyed in his statement that he and Boyd will lead the Colorado branch of Food Services of America. Minert said that, aligned with Food Services of America, Yancey's will benefit from a large product offering on both national and exclusive brands, expanded product categories, national buying power, value-added tools to propel growth and profits, customer loyalty programs for additional services and manufacturer rebates.

Yancey commented that the acquisition would allow Yancey's to continue its focus on fresh produce while enhancing its primary supplier capabilities, purchasing power and service coverage on national and local levels. In addition, Yancey stated the acquisition expands Food Services of America's distribution presence in the western U.S.

Yancey's, established in 1940, distributed over 4,000 grocery and produce items across Colorado, Nebraska, Wyoming, Utah and New Mexico prior to the recent transaction.

Food Services of America, a wholly owned subsidiary of Services Group of America Inc, states it is one of the nation's largest broadline foodservice distributors, serving customers in 15 states from nine regional distribution centers.
(#8233)

Fresh & Easy Neighborhood Market Inc. dba Fresh and Easy Neighborhood Market -- El Segundo, CA -- *Tesco comments on future of Fresh & Easy*

Reuters said June 29 that Tesco Plc, the British parent company of Fresh & Easy Neighborhood Market Inc, could "pull the plug" on the supermarket chain if it continues to disappoint.

Philip Clarke, Tesco's chief executive officer, conveyed that if there is no chance for success for Fresh & Easy, Tesco would have to exit the market.

According to Reuters, this month, underlying sales growth at Fresh & Easy slowed to 3.6% in its first quarter from 12.3% in the fourth quarter of last year.

Tesco said in April that Fresh & Easy posted a net loss of 153 million British pounds for fiscal 2011.

According to Tesco, Fresh & Easy reduced its losses for the first time, delivering a reduction of 17.7% against fiscal 2010's loss in the amount of 186 million British pounds. Additionally, Tesco asserted that its U.S. operation delivered a sustained improvement in like-for-like sales throughout the year, even against very demanding comparatives and despite absorbing the implementation costs of a loyalty program in the second half of the year.

Tesco contended Fresh & Easy is on track to deliver further "significant" reductions in losses during the current year, even though the timing of break-even results will now be later than previously said. The company said it anticipated that break-even results would be reached during the fiscal 2013/2014 financial year.

According to Tesco, the delay in break-even results for Fresh & Easy is because the company intends to focus on delivering store level profitability first, before pushing on faster with the expansion needed to create sufficient scale to cover overhead costs.

In January, Fresh & Easy temporarily closed 12 underperforming stores in an effort to reach profitability by the close of the fiscal year in February, 2013.

A spokesperson for Fresh & Easy explained there is simply not enough growth in sales and customers at the 12 stores to keep them open.

According to the spokesperson, Fresh & Easy will re-open them when economic and business conditions warrant. However, the company had other Fresh & Easy locations near the closed stores to absorb their sales, the spokesperson noted.

Fresh & Easy ended fiscal 2011 with 185 stores and its revised development program will take the company to approaching 230 stores by February, 2013.

Tesco established Fresh & Easy Neighborhood Market as its U.S. operation in 2006.

Fresh & Easy Neighborhood Market representatives did not return SEAFAX's calls on Monday for additional information and comment. (#812518)

Nichirei Corporation -- Tokyo, Japan -- *Nichirei becomes majority owner of Innovasian Cuisine*

A representative of Nichirei Corporation told SEAFAX July 2 that Nichirei Foods Inc in Japan completed the acquisition of a 51% ownership interest in Seattle, WA-based Innovasian Cuisine Enterprises Inc on June 30.

After the deal was completed, the Nichirei representative explained that Innovasian Cuisine Enterprises LLC changed its name to the current format, Innovasian Cuisine Enterprises Inc.

Nichirei revealed on May 15 that its board of directors approved the acquisition of a 51% ownership interest in Innovasian Cuisine.

According to a release issued by Nichirei in May, the acquisition price was to be $11 million, of which $5.4 million was paid at the time of the share acquisition and a maximum of $5.6 million will be additionally paid over the following three years in accordance with annual results.

A representative of Innovasian Cuisine told SEAFAX in May that the remaining 49% ownership of the company would be divided evenly between the company's existing owners, Mark Phelps and Joe Zalke.

Nichirei stated the equity investment in Innovasian Cuisine is an effort for sales expansion in overseas markets.

According to Nichirei, the U.S. has a vast frozen foods market. Specifically the Asian foods category, which has shown remarkable growth in the U.S. mainstream market, is considered to be a promising market for Nichirei Foods.

Nichirei explained that Innovasian Cuisine has succeeded in product development and establishment of a sales network in the Asian foods category and demonstrated steady growth.

Established in 1998 by Phelps and Zalke, Innovasian Cuisine generated $42.4 million in total revenues in fiscal 2011. (#21775)

Sanderson Farms, Inc. -- Laurel, MS -- *Class action case against Sanderson Farms on hold*

The U.S. District Court for the Middle District of Georgia entered an order June 27 staying all discovery in a class action case filed in February by two former employees at Sanderson Farms Inc's Moultrie, GA poultry processing facility against the company and several of its present and past human resources associates and plant managers alleging violations of the federal and state Racketeer Influenced and Corrupt Organizations Act (RICO).

According to the order, the case has been stayed as the defendants in the case have filed a motion to dismiss which relies in large part on a pending case in the U.S. appeals court. The order states the court finds it prudent to see what the appeals court decides in that similar case before moving forward with a ruling on the dismissal motion, thus the case is stayed in its entirety until further order.

The seven count complaint filed by the former employees alleges that the defendants conspired to knowingly hire undocumented immigrants at the Moultrie plant in order to save Sanderson Farms million of dollars in labor costs.

Specifically, the plaintiffs claim that Sanderson Farms' human resources clerks, directed by the Moultrie plant managers, falsely attested that illegal aliens presented genuine work authorization documents that relate to the employees tendering them in order to facilitate their illegal employment. The plaintiffs allege that the scheme emanated from the highest level of Sanderson Farms' corporate office down to the human resource clerks at the Moultrie plant who interviewed job applicants and carried out the hiring on a daily basis.

According to the complaint, Sanderson Farms is not a defendant in the federal RICO counts, but is a defendant in one count of the state RICO charges.

The plaintiffs seek money damages, injunctive relief and revocation of Sanderson Farms' license to conduct business in the State of Georgia.

Shortly after the filing of the federal complaint, Sanderson Farms stated in SEC documents that based on its knowledge, it considers the claims made in the lawsuit to be baseless. The company added that although the outcome of the matters cannot be determined with certainty, management, upon the advice of counsel, is of the opinion the final outcome should not have a material effect on the company's consolidated results of operations or financial position. (#20726)

Santa Monica Seafood Company -- Rancho Dominguez, CA -- *Santa Monica Seafood finalizes Central Coast Seafood deal*

Roger O'Brien, executive board advisor for Santa Monica Seafood Company, told SEAFAX July 2 that the company completed its purchase of Atascadero, CA-based Central Coast Seafood on June 30.

The financial terms of the transaction, including the purchase price, were not disclosed.

O'Brien conveyed to SEAFAX that Santa Monica Seafood established CCS Acquisition Corp as a wholly owned subsidiary to carry out the purchase of Central Coast Seafood's assets.

According to O'Brien, in the next few days Central Coast Seafood will change its name with California corporate records and at that time CCS Acquisition Corp will take over the vacated Central Coast Seafood name. O'Brien explained that the new Central Coast Seafood will continue to operate as it always has, with the same name, officers, employees and trucks and out of its existing facility.

Molly Comin, vice president and controller of Central Coast Seafood, previously conveyed to SEAFAX that the deal was structured as an asset purchase and said Santa Monica Seafood would assume the company's trade debts and other current liabilities. The long term debts of Central Coast Seafood, Comin stated, will be paid by Central Coast Seafood.

Giovanni Comin, Molly Comin's husband, was the president and sole shareholder of Central Coast Seafood prior to the transaction.

Molly Comin said that since 2007, when Giovanni Comin became the sole shareholder, Central Coast Seafood recorded "remarkable" sales growth, however, she noted the company did experience some growing pains financially.

In fiscal 2007, Central Coast Seafood generated estimated sales of approximately $8.6 million and at the end of fiscal 2010 the company estimated its annual sales had grown to $13 million. The purchase of Central Coast Seafood by Santa Monica Seafood will add the financial stability needed to grow the company further, Molly Comin told SEAFAX in early May.

Michael Degarimore established Central Coast Seafood in 1973 and in 1997 Degarimore retired from the company and sold his ownership interest to his son, Michael "Tony" Degarimore, and Giovanni Comin. In 2007, Giovanni Comin purchased Tony Degarimore's 50% stock ownership position, making Comin the sole shareholder.

Founded in 1939, Santa Monica Seafood has been privately held by the Cigliano family since the company's inception.
(#140987)

FLASH REPORT

Piggly Wiggly of Crystal Springs, Inc. -- ***Crystal Springs, MS*** -- ***Piggly Wiggly of Crystal Springs Inc*** and its affiliate through common ownership, ***The Bowman Company dba Piggly Wiggly*** both filed Chapter 11 bankruptcy petitions June 25 with the U.S. Bankruptcy Court for the Southern District of Mississippi.

Piggly Wiggly of Crystal Springs Inc filed under Case #12-02054 and ***The Bowman Company dba Piggly Wiggly*** filed under Case #12-02052. The two cases are not jointly administered and no request to do so has been filed to date with the bankruptcy court.

Both entities list their principals as ***Kenneth Bowman Jr***., holding a 49% interest in each, and ***Neil Bowman***, holding a 51% ownership interest in each company. ***Kenneth Bowman Jr.*** signed both petitions as the vice president of each respective business.

Neither of the two grocery store operators provided their complete list of assets and liabilities.

While ***Piggly Wiggly of Crystal Springs Inc***, which operates a store in ***Crystal Springs, MS***, estimated it holds assets of between $1 million and owes about the same in debt obligations, a balance sheet filed with the court on the petition date, but dated as of June 30, states its assets total $141,111 and shows liabilities totaling $905,484.

The debtor also provided the bankruptcy court with an income statement for the six months ended June 30 on June 25, listing revenues of $2.4 million and a net loss of $110,144, with $95,835 of that loss incurred in the month of June.

Piggly Wiggly of Crystal Springs Inc's list of top 20 unsecured creditors names ***Piggly Wiggly Alabama Distributing Co., Inc*** as the largest creditor, with a debt owed of $1.07 million.

The Bowman Company dba Piggly Wiggly, which operates a store in ***Hazlehurst, MS***, also names ***Piggly Wiggly Alabama Distributing Co., Inc*** as its largest unsecured creditor, with a debt owed of $786,000. Additionally, the debtor cites its affiliate ***Piggly Wiggly of Crystal Springs Inc*** as being owed $15,537 for a loan balance.

The Bowman Company dba Piggly Wiggly filed an income statement for the six months ended June 30 on June 25 as well, stating it generated net income of $885 on revenues of $1.96 million for the period. The debtor incurred a net loss in June of $39,303. The debtor's balance sheet shows total assets of $473,891 and total liabilities of $1.8 million.

Both debtors list a negative equity position.

Additional information on the cases as the proceedings advance will be released as it becomes available.
(#853210)

BANKRUPTCY NEWS UPDATE

Star Buffet, Inc. dba Buddy Freddy's -- Scottsdale, AZ -- *Creditors' committee given more time to object to Star Buffet's plan*

The U.S. Bankruptcy Court for the District of Arizona entered an order last week allowing the official committee of unsecured creditors in the Chapter 11 bankruptcy case of Star Buffet Inc an extension of to July 11 to object to the confirmation of the debtor's proposed plan of reorganization.

The bankruptcy court entered an oral order in late May approving the first amended disclosure statement accompanying the plan presented by Star Buffet and its wholly owned subsidiary, Summit Family Restaurants Inc. However, in mid-June, Star Buffet said it received notification that the creditors' committee retained legal and financial experts to explore alternatives to the debtors' proposed plan. Star Buffet said at the time that it believed the appointment of legal and financial experts at such a late date materially lessened the likelihood of a successful resolution of the bankruptcy proceeding for all stakeholders.

A hearing to consider the confirmation of the debtors' proposed plan is currently scheduled for July 12.

Although the debtors filed a plan and disclosure statement in late March, amended documents were filed May 24 to address a secured claim held by a non-debtor affiliate.

The amended joint plan calls for general unsecured claims to be paid in full, with quarterly payments to creditors commencing on the first day of the first full calendar quarter after a secured claim held by Wells Fargo is paid in full, approximately four years after the effective date. According to court documents, Star Buffet owes general unsecured debts of $6.6 million, while Summit Family Restaurants' unsecured creditors are owed $823,069.

The amended plan proposes that an unsecured claim of nearly $2 million held by Robert E. Wheaton, the chairman and chief executive officer of both debtors, be paid in full, with quarterly payments beginning when the principal amount owing on the Wells Fargo loan has been reduced to $1.5 million, provided that the debtors are current on all payments as required by the plan.

The amended plan sees Wells Fargo, which holds a secured claim of approximately $5.5 million, receiving payment in full over a period of four years, with the bank retaining its liens and security interests in the debtors until that time.

The amended document addresses a secured debt owed to Bank of Utah by the debtors' affiliate. The amended plan states as long as there is no default on the Bank of Utah loan by the non-debtor affiliate, no payments will be made to the bank by either Star Buffet or Summit Family Restaurants. However, if the non-debtor affiliate defaults on the Bank of Utah loan, the bank will receive the same treatment as general unsecured creditors.

The debtors informed the bankruptcy court the amended joint plan will be funded from operating income, an exit loan in the amount of $300,000 to be provided by Wheaton and proceeds from the liquidation of 10 affiliated restaurant properties. The debtors stated that Star Buffet's subsidiaries will market the restaurant properties with the goal of selling them as expeditiously as possible in order to accelerate the plan's payment schedule.

The debtors previously said that three significant events precipitated their bankruptcy filings - the nationwide economic recession that began in 2008, the acquisition of 20 Barnhills restaurants in January, 2008 and litigation commenced against the debtors. Specifically, the debtors stated the recession severely impacted the profitability of their operations, while the income derived from the Barnhills restaurants was not sufficient to service an $8 million loan obtained from Wells Fargo to fund the acquisition. In addition, a Florida state court entered a judgment against Star Buffet in April, 2010 in the amount of $723,498 representing amounts owing for past and future rent. When negotiations over a structured payment arrangement failed, the landlords pursued the appointment of a receiver to liquidate all of Star Buffet's assets and the debtors filed their cases just before a final hearing on that matter.

The debtors also told the bankruptcy court they have incurred significant expenses in litigating in Texas since February, 2005 related to a series of transactions where Summit Family Restaurants entered into a strategic alliance with K-Bob's USA. In January of this year, an adversary proceeding was filed which calls into question Summit Family Restaurants' right to occupy three restaurant properties in Texas and New Mexico. The adversary proceeding also called into question Summit Family Restaurants' right to operate those properties, along with another one in Texas, as K-Bob's restaurants. The adversary proceeding seeks to enjoin Summit Family Restaurants from continuing to operate under the K-Bob's brand. The debtors said Summit Family Restaurants' profitability will not be seriously impacted if it is forced to cease operating as a K-Bob's Steakhouse restaurant.

As of its September 28, 2011 petition date, Star Buffet, through its subsidiaries, operated seven 4B's restaurants, seven JB's restaurants, four Barnhills Buffet restaurants, three K-BOB'S Steakhouses, two HomeTown Buffets, one Casa Bonita Mexican restaurant, one Whistle Junction restaurant, one BuddyFreddys restaurant, one Western Sizzlin restaurant, one Holiday House restaurant, one JJ North's Grand Buffet, one Pecos Diamond Steakhouse and one Bar-H Steakhouse.

Star Buffet's wholly owned subsidiaries also include HTB Restaurants Inc, Northstar Buffet Inc, Star Buffet Management Inc, Starlite Holdings Inc, StarTexas Restaurants Inc, SBI Leasing Inc, Sizzlin Star Inc, JB's Star Holdings Inc, KB's Star Holdings Inc, 4B's Holdings Inc and Florida Buffet Holdings Inc, all of which are Delaware corporations. None of those entities filed petitions for Chapter 11 bankruptcy. Star Buffet is a publicly traded restaurant holding company.
(#595514)

Western Supreme, Inc. dba Sunny California Poultry -- Los Angeles, CA -- *Western Supreme presents reorganization plan*

Western Supreme Inc, also conducting business as Sunny California Poultry and United Food Company and which sought Chapter 11 bankruptcy in February, 2011, submitted its proposed plan of reorganization and accompanying disclosure statement to the bankruptcy court last week.

The proposed plan calls for two administrative expenses, one in the amount of $53,530 held by Midwest Food and Poultry Inc and the other in the amount of $29,889 held by Harvest Meat Company Inc, to be paid in full on the effective date.

The proposed plan also sees general unsecured creditors, owed a total of $755,419, receiving a lump sum payment to be made on the effective date for a 5% recovery.

Western Supreme does not owe any secured debt.

The debtor informed the court its plan will be funded through secured financing, with Western Supreme's assets and Frank Fogarty's personal assets used for collateral, which has already been obtained.

The proposed plan calls for Frank and Marlene Fogarty, together the sole stockholders of Western Supreme, to retain their shares in the company after the effective date. The plan states Marlene Fogarty will continue to operate the debtor business post-confirmation for $1,000 per week and that Deanna Fogarty, the daughter of Marlene and Frank Fogarty, will also continue to assist in the post-confirmation operation of the company without compensation. Due to an illness, it is believed that Frank Fogarty will be unable to be actively involved in the post-confirmation day-to-day operations of Western Supreme.

A hearing to consider the approval of the debtor's disclosure statement accompanying the proposed plan will take place July 26.

The debtor previously told the court that in the years leading up to Frank Fogarty's illness, which was diagnosed in 2009, Western Supreme's business expanded dramatically, leading to the addition of a night shift to its processing line. The debtor said this addition proved to be a costly mistake as the productivity of the night shift was substantially lower than anticipated, which manifested in substantial losses in 2009.

Western Supreme stated it immediately began to restructure its operations and it was on the road to profitability when several California wage and hour lawsuits, including a class action suit, were filed against the business. The debtor informed the bankruptcy court that after enduring several months of costly litigation, it became clear more litigation was sure to follow.

According to Western Supreme, when taking into account the lawsuits and continuing, although slowed, business losses, it became clear a new business approach was necessary, but before it could take action, one of the company's largest vendors demanded immediate payment of the entire outstanding credit balance.

The debtor said that given the prospect of crippling litigation costs, continued business losses and its inability to meet its largest vendor's demand for immediate payment of $645,000 in outstanding, but not then yet due, invoices, the decision was made to file the Chapter 11 petition.

Western Supreme said in early May that it reached a settlement with its past and present employees, such that all of the related employment claims have been, or will be, withdrawn and all the related state court litigation will be dismissed. Pursuant to the terms of the settlement, the debtor suffered no costs at all as Frank Fogarty funded the entire settlement in exchange for a waiver of any and all claims.

Western Supreme also said at the time that the most serious impediments to a successful reorganization continued to revolve around its continued success in cutting costs and increasing its margins and sales volumes. The debtor shut down its processing facility in January because it could not negotiate a more favorable lease and it was unable to control the production and processing overhead to the extent necessary to turn a profit. Western Supreme continues to operate its wholesale distribution business and a retail meat business.
(#36379)

BANKRUPTCY BRIEFS

Kim's Provision Co., Inc. dba U.S. Meat Co. -- Bronx, NY -- The U.S. Bankruptcy Court for the Southern District of New York entered an order June 29 transferring the Chapter 11 bankruptcy case filed by Kim's Provision Co., Inc to the U.S. Bankruptcy Court for the District of New Jersey -- Kim's Provision filed a petition for Chapter 11 bankruptcy May 1 -- According to Kim's Provision's summary of schedules, the business owes $7.7 million in total debt, but only holds $22,000 in assets -- Helicon Partners LLC is Kim's Provision's first lien holder and that entity is a secured creditor who succeeded interest from Woori America Bank -- Kim's Provision executed a security agreement with Woori America Bank as a debtor for a loan borrowed by 15 Engle Street LLC, a New Jersey entity whose equity is solely owned by Ki Kim, president and sole shareholder of the debtor -- Court documents state the loan was for the operations of Kim's Provision -- 15 Engle Street LLC eventually defaulted on its obligation to make payments to Woori America Bank and subsequently, Helicon Partners LLC sought collection through attaching the assets and account receivables of Kim's Provision -- That action prompted the debtor to seek relief under Chapter 11 bankruptcy -- Established in 1990 by Kim, Kim's Provision has a history of trade payment slowness and returned check activity with its suppliers
(#60739)

Rayma Food, LLC dba IGA Economizer -- Dover, FL -- Rayma Food LLC, which operates a supermarket under the IGA Economizer banner and filed a Chapter 11 bankruptcy petition April 19, submitted a motion July 2 requesting a 21-day extension to the period in which the businesses may file a plan of reorganization and disclosure statement -- The bankruptcy court had mandated that Rayma Food file its plan and disclosure statement by July 12, but the debtor now ask that the deadline be extended to until August 2 -- Rayma Food said it requires additional time to prepare the financial projections and historical financial information necessary to properly analyze and file its disclosure statement -- Rayma Food's summary of schedules state the supermarket business owes $3.3 million in total debt, but only holds $404,000 in assets -- The company's debts are comprised of $1.9 million in unsecured obligations, including trade debt, and $1.9 million in secured claims -- Jose Martinez signed Rayma Food's bankruptcy petition as the entity's managing member
(#851673)

HOLIDAY NOTICE

SEAFAX's offices will be closed July 4 in observance of Independence Day in the U.S.

SEAFAX will release no publications on July 4, but will resume our normal publication schedule when our offices re-open for business on July 5.

Questions or tips regarding First News items are encouraged. Please send email to news@seafax.com or contact us at 1-888-777-3533