



FIRST NEWS

Your daily food industry update

FoodONE
A division of Seafax, Inc.

COLLECTIONS PLACED

Quality Ocean International, LLC dba Southern Wild Seafoods -- Vernon, CA (#826628) -- \$41,638

Quality Ocean International, LLC dba Southern Wild Seafoods -- Vernon, CA (#826628) -- \$42,705

Twin City Poultry Co. -- New Hope, MN (#47281) -- \$1,432 -- Paid

RATING CHANGES

Bernatello's Pizza, Inc. -- Maple Lake, MN (#61686)

I to L

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

NEWS DIGEST

Behrmann Meat & Processing, Inc. -- Albers, IL *-- Behrmann Meat & Processing pleads guilty*

Behrmann Meat & Processing Inc along with its related entity, Behrmann Yorkshire Farms, pleaded guilty June 29 in the U.S. District Court for the Southern District of Illinois to charges of harboring illegal aliens from detection for the purpose of commercial advantage and private financial gain.

According to the plea agreement, Behrmann Meat & Processing and Behrmann Yorkshire Farms must forfeit \$50,000 in property to the federal government and pay a \$5,000 fine for knowingly harboring illegal aliens for financial gain.

Dennis Behrmann and Scott Behrmann are the principals and shareholders of Behrmann Meat & Processing and Behrmann Yorkshire Farms, respectively.

The plea agreement also stipulates that the Behrmanns agreed to participate in an e-verify program and permit voluntary employment compliance inspections of their business locations by agents and employees of the Department of Homeland Security, U.S. Customs and Border Protection. Furthermore, the defendants also agreed to participate in compliance training with those agencies if requested.

Dennis Behrmann established Behrmann Meat & Processing in 1970 and Scott Behrmann founded Behrmann Yorkshire Farms in 1980.

Behrmann Meat & Processing processes about 250 hogs weekly and produces a variety of pork, beef and sausage items. (#594790)

Benihana, Inc. dba Benihana -- Miami, FL -- *Benihana "go-shop" period expires*

Benihana Inc announced July 3 the expiration of the "go-shop" period pursuant to the terms of the definitive merger agreement it entered into with funds advised by New York, NY-based Angelo Gordon & Co., LP.

On May 22, Benihana entered into a definitive merger agreement with the funds advised by Angelo Gordon, Safflower Holdings Corp and Safflower Acquisition Corp for a transaction valued at approximately \$296 million.

Under the terms of the merger agreement, Benihana and its advisors were permitted to actively solicit and consider alternative proposals from third parties from the date of the merger agreement through July 1. The company noted that it did not receive any such alternative proposals during the "go-shop" period.

The merger agreement calls for Safflower Acquisition to be merged with and into Benihana, and as a result Benihana will continue as the surviving corporation and a wholly owned subsidiary of Safflower Holdings.

According to a release issued by Benihana in May, the terms of the merger agreement call for Angelo Gordon's private equity group to acquire all of the company's outstanding shares for \$16.30 per share in cash. A joint press release stated the purchase price represents a premium of 46% over the average closing share price for the 30 days ended March 13, when the restaurant operator announced that it was exploring strategic alternatives, and an approximate 23% premium to the closing share price on May 21.

Benihana explained the closing of the transaction will result in the company becoming a private entity.

According to Benihana, Angelo Gordon has fully committed financing and the transaction is not subject to a financing condition. Assuming the satisfaction of all other conditions, Benihana expects the transaction to close in the second half of the 2012 calendar year.

Completion of the transaction, Benihana stated, is subject to the approval by holders of a majority of the company's common stock. The transaction is also subject to the expiration or termination of the customary waiting period under antitrust law and other customary closing conditions.

Richard Stockinger, Benihana's chairman, president and chief executive officer, commented that the company feels that the transaction with Angelo Gordon recognizes the value of its brands and delivers a "significant cash premium" to its shareholders.

Benihana revealed in March it had engaged Jefferies & Co., Inc as its financial advisor in connection with the possible sale of the business.

Founded in 1988, Angelo Gordon & Co makes control equity investments with deal sizes ranging from \$50 million to \$500 million. The private equity firm's sector focus includes financial services, consumer/retail and health care.

In fiscal 2012, Benihana recorded a total restaurant sales increase year-over-year of 7.5% to \$350.4 million from \$325.9 million in fiscal 2011.

Benihana Inc operates 95 restaurants nationwide, including 62 Benihana restaurants, eight Haru sushi restaurants and 25 RA Sushi restaurants. In addition, 16 franchised Benihana restaurants operate in the United States, Latin America and the Caribbean. (#56644)

CAL Poultry Vikon Inc. -- Rosemead, CA -- CAL Poultry allowed to continue operations for now

The U.S. District Court for the Central District of California on June 26 granted CAL Poultry Vikon Inc's motion for a preliminary injunction which prevents the City of Rosemead from shutting down the company's operations.

CAL Poultry filed a lawsuit jointly against the City of Rosemead, the Rosemead city council and the Rosemead planning commission last March after the city passed an ordinance two years ago giving the company until May 12 to shut down its operations.

According to the complaint, CAL Poultry began operations in 1991 and the company slaughters chickens to meet both the religious practices and cultural preferences for the Buddhist, Asian-American and Latin-American communities within Rosemead.

Shortly after commencing operations in 1991, the City of Rosemead eliminated poultry slaughtering in the area where CAL Poultry operates, however, the company was permitted to continue to operate as a legal non-conforming use.

After residents complained of foul odors and escaped chickens, the city passed an ordinance in 2010 giving CAL Poultry until May 12 to shut down.

According to the court's order, the issuance of a preliminary injunction will not harm the city as it will be in the same position as it has been since 1991, when it permitted CAL Poultry to exist as a non-conforming use. Moreover, the city will continue to receive taxes from the operation of CAL Poultry's business, the court said.

The court order allows CAL Poultry to continue to operate pending the litigation and a final resolution of the matter. (#853226)

Mexicali Cheese Corp. -- Woodhaven, NY -- FDA issues warning on Mexicali Cheese products

The U.S. Food and Drug Administration (FDA) announced July 2 that the New York State Agriculture Commissioner warned consumers in the metropolitan New York area to not consume certain cheese products made by Mexicali Cheese Corp due to possible listeria contamination.

This past April, the U.S. District Court for the Eastern District of New York entered a consent decree of permanent injunction against Mexicali Cheese Corp after the U.S. Department of Justice (DOJ) filed a complaint against the company citing a history of insanitary conditions and of producing cheese in a facility contaminated with listeria monocytogenes bacteria.

The July 2 alert relates to the recall of Mexicali Cheese Corp's products packaged in a rigid 14-ounce plastic tub that displays the plant number 36-0128 and a code of 07152. The products affected by the recall are Mexicali brand queso fresco/Mexican style fresh cheese, Acatlan queso fresco and quesillo Ecuatoriano/Ecuadorian style cheese.

According to the FDA, a routine sample of the cheese, taken by an inspector from the New York State Department of Agriculture and Markets' division of milk control and dairy services on June 20 was subsequently tested by the department's food laboratory and discovered to be contaminated with listeria monocytogenes. On June 25, Mexicali Cheese Corp was notified of a preliminary positive test result and voluntarily recalled the product.

The FDA said to date, no illnesses are known to be associated with the recalled product.

The DOJ informed the court in its complaint filed in late January that Mexicali Cheese Corp introduced its cheese products into interstate commerce by shipping to grocery stores and markets in New Jersey and Connecticut.

In addition to the FDA's own inspections conducted from September, 2010 through June, 2011, the complaint alleged that the New York State Department of Agriculture and Markets' division of milk control and dairy services found similar unsanitary conditions at the company's facility.

According to the complaint, the FDA issued a warning letter to Edinson Vergara, the company's president and chief executive officer, in October, 2010 citing insanitary conditions observed during a past inspection of Mexicali Cheese Corp's facility. In November, 2010, the business responded to the warning letter, listing a number of corrective actions that were taken in response to the violations noted in the warning letter. However, the complaint alleged that during inspections conducted in 2011, FDA investigators again observed numerous insanitary practices and conditions at Mexicali Cheese Corp's facility, many of which were the same or similar to those the FDA had observed in prior inspections.

Specifically, the complaint said environmental samples taken during an inspection in August, 2010 revealed five samples that tested positive for listeria monocytogenes, while the June, 2011 testing found 30 positive samples.

The consent decree for permanent injunction directed Mexicali Cheese Corp and Vergara to cease manufacturing and distribution food until the company can bring its operations into full compliance with the Federal Food, Drug and Cosmetic Act and FDA food safety regulations.

In addition, the consent decree called for Mexicali Cheese Corp to retain, at its own expense, an independent laboratory which is qualified to collect product and environmental samples from within the company's facility and analyze those samples for the presence of listeria monocytogenes.

The consent decree also directed Mexicali Cheese Corp to develop a written listeria monitoring program and to report to the FDA in writing the actions the company has taken to bring its operations into compliance with the Federal Food, Drug and Cosmetic Act and all applicable regulations.

The consent decree stated that within 30 days of the April order,

Mexicali Cheese Corp had to destroy, under the FDA's supervision, all in-process and finished articles of food in the company's custody, control or possession and recall, to the retail level, all food distributed since June 1, 2011, at the entity's own expense. (#849306)

Raemica, Inc. dba Far West Meats -- Colton, CA -- Far West Meats re-opening plant

Cory Visser, controller of Raemica Inc, which conducts business as Far West Meats, told SEAFAX July 3 that the company moved into its new facility on June 25.

In July of 2010, about 60% to 80% of Far West Meats' 25,900 square foot meatpacking plant was damaged as a result of a three-alarm fire.

Visser explained to SEAFAX that Far West Meats is still in the process of installing new equipment in the plant and the company is currently operating at about 50% production capacity. According to Visser, Far West Meats hopes to be operating at 80% production capacity by the middle of July and at full production capacity by mid-August.

Far West Meats, Visser said, was fully insured for all damage that occurred during the fire and the company operated from a smaller, temporary location in Colton, CA while the damage was repaired.

After the fire occurred, Visser explained to SEAFAX that Far West Meats used jobbers and food manufacturers in the California area to produce and sell product for the company and keep its brand name in the marketplace while it rebuilt. The Contra Costa Times newspaper said Far West Meats was able to maintain about 75% of its shelf space in major retail organizations.

Raemica Inc dba Far West Meats employed about 75 workers prior to the fire and the company was able to maintain a 21-person work force after the blaze. The local newspaper conveyed that the company planed to hire an additional 23 workers after the plant re-opened.

The fire that damaged Far West Meats' plant in 2010 was electrical in nature and started in an exhaust motor.

According to Visser, the plant is a USDA-approved facility with the latest technology in cooler and freezer storage. Visser added that the streamlined plant production process layout provides for greatly improved efficiency. (#23761)

FLASH REPORT

ISE Grocery, Inc -- Bradenton, FL -- Despite tendering installments totaling \$12,992, **ISE Grocery Inc**, which conducts business as **Samoset Grocery & Meat Market**, refuses to address the remaining balance of a \$29,201 debt placed for collection against the entity.

The debt represents unpaid invoices dating back to last October.

Following placement of the debt for collection, **David Frishman**, vice president of **ISE Grocery Inc** dba **Samoset Grocery & Meat**

Market, told SEAFAX that the company would remit weekly installments directly to the creditor in the amount of \$1,000. The creditor conveyed that the debtor last remitted a payment for \$500 on June 15 and all recent correspondence has been ignored. Since April, **ISE Grocery Inc** dba **Samoset Grocery & Meat Market** has only tendered \$500 on a semi-weekly basis.

The creditor explained to SEAFAX that it will pursue the \$16,209 remaining balance through litigation.

Established in 2008, Florida records show **ISE Grocery Inc** is an active entity and **Juan Casadevall** is the company's president and **Kerry Frishman** is the debtor's treasurer.

SEAFAX located a civil judgment filed against **ISE Grocery Inc** and **Samoset Grocery** in 2010 for \$5,633. Additionally, SEAFAX verified an individual filed a lawsuit in March against **ISE Grocery Inc**, **Samoset Grocery & Meat Market**, and **Samoset LLC**.

Florida records state **Samoset LLC** is an active entity founded in 2009 and lists **David Frishman** and **Juan Casadevall** as the managing members. (#847910)

BANKRUPTCY NEWS UPDATE

EMR Dale Mabry, LLC dba Estela's Mexican Restaurant -- Tampa, FL -- Estela's operators presents reorganization plans

EMR Dale Mabry LLC and its affiliate, EMR Brandon Inc, both conducting business as Estela's Mexican Restaurant, and their president and sole stockholder, Scott Edward Jorgensen, each presented their plans of reorganization and accompanying disclosure statements to the bankruptcy court July 2.

The debtors, along with Jorgensen, and his spouse, Ana Estela Jorgensen, filed Chapter 11 bankruptcy petitions last December.

Although the debtors' cases are not jointly administered they all propose the same payment to general unsecured creditors. The plans call for general unsecured creditors to receive a pro rata share from an unsecured distribution amount, which consists of each debtor contributing \$250 per month for 60 months.

EMR Dale Mabry owes unsecured creditors \$335,565, while EMR Brandon owes unsecured claimants \$324,936. The Jorgensens' unsecured creditors hold claims totaling \$623,683.

The plans see the debtors' secured creditor, Palm Bank, retaining its liens on the debtors' assets to secure a restructured, cross-collateralized loan that balloons in five years with monthly payments applied first to interest, then to principal.

EMR Dale Mabry's plan also addresses debts owed to the Internal Revenue Service (IRS). The plan calls for the debtor to pay the IRS in 60 equal monthly installment payments of \$1,000 with a balloon in five years until the IRS is paid in full.

As of Tuesday, July 3, the bankruptcy court had not scheduled a hearing to discuss the approval of the debtors' disclosure statements.

The debtors informed the bankruptcy court they sought Chapter 11

relief to address the challenging consumer market, to restructure their businesses and to deal with lawsuits seeking foreclosure and money damages filed against them.

Since filing for Chapter 11, another affiliate of the debtors, Estela's Mexican Restaurant Inc has also filed a Chapter 11 petition. Estela's Mexican Restaurant has until July 30 to present a proposed plan of reorganization and accompanying disclosure statement to the bankruptcy court.
(#848643)

Rising Sun Enterprises, Inc. dba Cost Saver Market #1 -- Torrance, CA -- Rising Sun given more time after stockholder passes away

The U.S. Bankruptcy Court for the Central District of California entered an order granting Rising Sun Enterprises Inc, conducting business as Cost Saver Market, an extension of the period in which its Chapter 11 plan must be confirmed to October 11.

The debtor filed a motion in June seeking additional time for confirmation as a result of the untimely passing of its president and 50% stockholder, Swarndeeep Banipal.

Rising Sun informed the bankruptcy court that Banipal's passing would likely impact the Chapter 11 case and the proposed plan of reorganization presented in late April due to Banipal's former management role and willingness to provide additional funding in support of the plan.

The debtor said it is currently considering the modifications that will be required to the existing proposed plan. Rising Sun added that it remains committed to confirming a modified version of the plan prior to the deadline recently granted by the bankruptcy court.

Rising Sun stated in its current plan that three claims falling under the Perishable Agricultural Commodities Act (PACA) have been partially or fully satisfied since the July 1, 2011 filing of its Chapter 11 petition. The debtor proposes to pay two of the PACA claims in weekly installments until paid in full. However, Rising Sun is disputing the third PACA claim and contends that the creditor has been satisfied in full and no further payments are necessary.

According to the proposed plan, the majority of the debtor's general unsecured creditors hold claims that are in amounts less than or equal to \$2,000. The plan proposes paying those creditors a payment equal to 20% of the allowed amount of their claim within 90 days of the effective date.

Rising Sun's plan states that general unsecured creditors holding claims in excess of \$2,000 that do not voluntarily reduce the amount of the claims to \$2,000 can expect payments totaling 10% of the allowed amount of such claims over two payments, the first of which will be distributed on July 1, 2013 and the second on July 1, 2014.

The debtor stated it would fund its plan through future earnings from the continued operation of its business and through a new capital contribution in the amount of \$258,500 from its co-owners, Banipal and Dasmesh Kaur.

Rising Sun told the bankruptcy court that while it was able to maintain relatively strong revenues prior to the petition date, its operations and revenues were negatively impacted by various legal

actions filed against it, including several PACA violation suits, which resulted in a freeze on its bank account.

When it filed for Chapter 11 bankruptcy, Rising Sun operated two Cost Saver Market locations, but one of those locations was closed after an analysis of the relative costs and benefits of the location was concluded.

The debtor said it has focused on restoring sales to pre-petition levels, consolidating operations and eliminating unnecessary operating expenses since its petition date.
(#820844)

BANKRUPTCY BRIEFS

AFA Foods, Inc. -- King of Prussia, PA -- AFA Foods Inc and its bankrupt affiliates on July 2 presented their consolidated statement of operations for the period from April 30 through May 27, showing they incurred a net loss of \$3.6 million on sales totaling \$57 million -- The debtors received bankruptcy court approval in May to establish procedures for the sale of substantially all of their assets, to enter into one or more stalking horse agreements and to schedule an auction and sale hearing -- According to court documents, the debtors seek to enter into one or more stalking horse agreements by July 2 and set a July 6 bid deadline -- An auction of the assets of AFA Foods and its affiliates is scheduled for July 10, while a final sale hearing will take place July 12 -- The bankruptcy court entered two separate orders in late June authorizing the debtors to sell the assets of two of their affiliates, GA-based American Fresh Foods LP and Los Angeles, CA -based United Food Group LLC, to FPL Food LLC and Tri West Investments LLC, respectively
(#820159)

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