



# FIRST NEWS

Your daily food industry update

**FoodONE**  
A division of Seafax, Inc.

## RATING CHANGES

Taison Seafood, Inc. -- South San Francisco, CA **I to C**  
(#837341)

**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

**E. E. Mucke & Sons, Incorporated -- Hartford, CT -- A** representative of E. E. Mucke & Sons Incorporated told SEAFAX July 5 that the business continues to be in the process of being sold to Rachael's Food Corporation, located in Chicopee, MA, and advised that he expects the deal to be completed shortly -- SEAFAX's messages for members of Rachael's Food Corporation's executive team on Thursday inquiring about the pending transaction were not immediately returned -- The Hartford Courant newspaper said last month that the Mucke's brand and the recipes will be the same after the sale, but the meats will be made at Rachael's Food Corporation's Grote & Weigel division, citing a notification that was sent to E. E. Mucke & Sons' retail buyers -- The Mucke family established E. E. Mucke & Sons in 1919 and the fourth generation of the family presently owns and operates the business -- Rachael's Food is affiliated with Consumer Product Distributors Inc, which does business as J. Polep Distribution Services -- Rachael's Food Corporation acquired the assets of defunct Bloomfield, CT-based Grote & Weigel Inc in February for undisclosed financial terms  
(#25465)

**Save Mart Supermarkets dba Food Maxx -- Modesto, CA -- The** United Food and Commercial Workers Union (UFCW) and Save Mart Supermarkets agreed to federal mediation and new July 10 deadline to come to a resolution regarding a new contract agreement for store employees -- According to the Sacramento Bee newspaper, the latest three-point process per the UFCW involves conclusion of an audit to examine Save Mart's claims of need for financial relief, establishment of a cost structure for labor costs based on audit findings and authorizing union/management bargaining committees to establish agreements and allow the union discretion to design an overall health and welfare plan -- Save Mart Supermarkets on July 3 said a short extension with UFCW locals 5, 8 and 648 which will last through July 10, while also acknowledging the assistance of a federal mediator -- The supermarket business also opined that "a labor strike is not beneficial for our company or our associates" and added that "an agreement must be reached quickly" -- 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 extensions requiring three to seven days' advance notice by either party to cancel  
(#20961)

**Seafresh Products Dist., Inc. -- Richmond, BC Canada -- The** Canadian Food Inspection Agency (CFIA) said this week that on April 24, in British Columbia Provincial Court, Seafresh Products Dist., Inc pleaded

guilty to four counts of violating the Fish Inspection Regulations -- Specifically, the CFIA said the company entered a guilty plea to the section of the Fish Inspection Regulations that states that "no person shall export fish unless all the processing and storage of the fish is carried out in a registered establishment" -- The court imposed a total fine of \$2,000 -- The CFIA said that between May 22 and June 7, 2010, an agency investigation determined that Seafresh Products "unlawfully exported live prawns from Canada without the processing being carried out in a registered establishment"  
(#61163)

## NEWS DIGEST

**J. Alexander's Corporation -- Nashville, TN -- J.** Alexander's shareholder registers objection

Privet Fund LP, which states it collectively holds over 10% of the common stock of J. Alexander's Corporation, said July 5 it filed a complaint in Tennessee Chancery Court seeking to compel the restaurant company to hold its 2012 annual meeting of shareholders.

Additionally, Privet issued an open letter to shareholders of J. Alexander's Corporation outlining reasons Privet believes a proposed sale transaction is not in the best interests of J. Alexander's shareholders.

J. Alexander's Corporation announced June 25 that it entered into an agreement with Fidelity National Financial Inc to merge its restaurant business with a subsidiary of American Blue Ribbon Holdings Inc, an indirect majority owned subsidiary of Fidelity. Immediately following the merger, J. Alexander's will be combined with the current restaurant operations of American Blue Ribbon Holdings LLC, a restaurant operating company and also an indirect majority owned subsidiary of Fidelity National Financial.

Privet contends J. Alexander's is in violation of Tennessee law and wants to call a special meeting of stockholders in order to add two directors to the company's board in the event that the annual meeting is not held within 90 days.

Privet Fund has also expressed dissatisfaction over Fidelity National Financial Inc's offer to buy J. Alexander's for \$12 per share in cash and stock, saying it undervalues the company.

According to the announcement on the intended deal, the shareholders of J. Alexander's may elect to receive per share \$12 in cash or a combination of \$3 in cash and one share of American Blue Ribbon Holdings class A common stock, subject to proration at closing so that shareholders of the company will receive a total of 49.9% of the shares in American Blue Ribbon Holdings. After the transaction, Fidelity National Financial would hold a special class of common stock in American Blue Ribbon Holdings that will entitle Fidelity to at least 50.1% of the voting power of American Blue Ribbon Holdings so long as Fidelity retains at least a 40% economic interest in the combined restaurant operations.

The transaction is targeted to close in the fourth quarter of 2012,

assuming satisfaction of the conditions to closing.

Under the terms of the agreement, J. Alexander's may solicit superior proposals from third parties during the 30 calendar days following execution of the agreement continuing through July 22. J. Alexander's said there can be no assurance that the process will result in a superior proposal and it presently does not intend to discuss any developments with regards to the process unless the company's board makes a decision with respect to a potential superior proposal.

Privet Fund's letter outlines that on July 2, it filed suit in the Tennessee Chancery Court seeking to compel J. Alexander's to hold its annual meeting so shareholders can vote on the election of Privet's director candidates. In failing to hold its meeting by July 1, Privet contends the company "knowingly and intentionally violated Tennessee law in order to avoid the possibility of a shareholder referendum on the board's effectiveness."

On Thursday, July 5, Privet explained it sent the company notice of its intent to call a special meeting of shareholders for the purpose of adding two seats to J. Alexander's board and filling those newly-created vacancies with its own nominees. According to Privet, should the board "be successful indefinitely delaying its annual meeting (through litigation tactics or otherwise), the special meeting would enable shareholders to express their dissatisfaction with the current governance structure at a vote to take place within 90 days."

Fidelity National Financial, based in Jacksonville, FL, presently owns approximately 55% of American Blue Ribbon Holdings LLC, whose restaurant concepts include Bakers Square, Max & Erma's, Village Inn, Stoney River Legendary Steaks, O'Charley's and Ninety Nine.

J. Alexander's operates 33 upscale, contemporary American restaurants in 13 states, including Alabama, Arizona, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Michigan, Ohio, Tennessee and Texas.  
(#807727)

## BANKRUPTCY NEWS UPDATE

**Sparrer Sausage Company, Inc. dba Lil Dudes - Chicago, IL** -- *Sparrer Sausage allowed continued use of cash collateral*

The U.S. Bankruptcy Court for the Northern District of Illinois entered a fifth interim order July 3 granting Sparrer Sausage Company Inc, which conducts business as Lil Dudes and El Campeon Food Products, use of cash collateral through July 11.

Sparrer Sausage Company filed a petition for Chapter 11 bankruptcy in early February.

The debtor filed a motion with the bankruptcy in mid-June requesting approval to sell its assets. According to Sparrer Sausage Company's motion, it entered into an asset purchase agreement with Sparrer Acquisition Inc which calls for the purchaser to buy the debtor's assets for \$2.8 million.

The official committee of unsecured creditors formed in the Chapter 11 bankruptcy case filed by Sparrer Sausage Company presented a motion to the bankruptcy court June 25 objecting to the sale of

the debtor's assets to Sparrer Acquisition Inc. According to the committee of unsecured creditors' motion, other bidders expressed interest in the assets of Sparrer Sausage Company for the same amount of money, but with less onerous pre-conditions.

The committee's motion said on April 26, Sparrer Sausage Company received a letter of intent from Wayne Sellers, a principal of Chicago Meats USA 24/7 LLC. The debtor elected not to proceed with Sellers' letter of intent and elected to enter into an asset purchase agreement with Sparrer Acquisition Inc, despite the committee's objection that was echoed by the U.S. Trustee's office.

Sparrer Acquisition Inc's offer was, in the committee's opinion, on less favorable terms and conditions than Sellers' letter of intent because Sparrer Acquisition Inc required renegotiation of the collective bargaining agreement with the debtor's unionized workers, which the committee did not believe was feasible in the shortened time period.

Brian Graves is the president and sole shareholder of Sparrer Sausage Company. Graves established Sparrer Acquisition Inc on June 11 in order to purchase the assets of the debtor.

According to the objection filed by the committee of unsecured creditors, Sparrer Acquisition Inc's offer gives Graves a 15% increase over his current salary, however, it requires that the unionized workers to take an 18% reduction in pay.

The attorney representing Sparrer Sausage Company told SEAFAX in early June that the company plans to present a plan of liquidation in the near future. According to the attorney, the unsecured creditors to Sparrer Sausage Company could see a "small" percentage of payment toward their allowed claims.  
(#63826)

## INDUSTRY NOTES

**C&S Wholesale Grocers, Inc. -- Keene, NH** -- A representative of C&S Wholesale Grocers Inc confirmed with SEAFAX July 5 that the company named Max Henderson as its new senior vice president of customer development -- Henderson was previously the president of Southern Family Markets LLC, a wholly owned subsidiary of C&S Wholesale Grocers -- Henderson left that post after C&S Wholesale Grocers sold Southern Family Markets to Belle Foods LLC on June 30  
(#279188)

**Questions or tips regarding First News items are encouraged. Please send email to [news@seafax.com](mailto:news@seafax.com) or contact us at 1-888-777-3533**