SEAFAX

FIRST NEWS

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Your daily food industry update

COLLECTIONS PLACED

Imajan Restaurant Corp. dba Rye Grill & Bar -- Rye, NY (#710546) -- $2,843

Stones River Foods, Inc. -- Murfreesboro, TN (#796080) -- $9,507

RATING CHANGES

Michael Lewis Company -- McCook, IL (#43526)	**L to I**
S.O.K. Inc. -- Brooklyn, NY (#597983)	**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

NEWS DIGEST

Chuy's Holdings, Inc. dba Chuy's -- Austin, TX **--** *Chuy's Holdings prices IPO*

Chuy's Holdings Inc, the operator of a chain of Tex-Mex style restaurants conducting business as Chuy's, filed an amended prospectus and registration statement July 11 with the Securities and Exchange Commission (SEC), saying it plans to offer $5.8 million common stock shares at between $11 and $13 per share, raising some $63.7 million, assuming the initial public offering goes off at the midpoint of $12 per share.

Chuy's Holdings Inc initially registered with the SEC almost a year ago, signaling its intent to go public.

The company said it intend to use the net proceeds of the initial public offering to pay outstanding borrowings under its senior secured credit facility. As of March 25, Chuy's said it had $82.3 million in outstanding indebtedness, and after giving effect to the offering, it would have had $18.6 million of outstanding indebtedness.

Upon the completion of the offering, Goode Chuy's Holdings LLC, the controlling stockholder, and its affiliates and MY/ZP Equity LP, which is controlled by Chuy's founders, Mike Young and John Zapp, are expected to own 52.5% and 6%, respectively, of the outstanding common stock, or 49.6% and 5.6%, respectively, if the underwriters' option to purchase additional shares is fully exercised.

The restaurant chain will list the stock on the Nasdaq stock market under the symbol "CHUY."

Chuy's, established in Austin, TX in 1982 by Young and Zapp, said that as of March 25, it operated 32 Chuy's restaurants across Texas, Tennessee, Kentucky, Alabama, Indiana, Georgia and Oklahoma with an average unit volume of $5 million for the 18 comparable restaurants for the 12 months ended March 25. The business conveyed in the SEC filing that it has grown the total number of Chuy's restaurants from eight locations as of December 30, 2007 to 32 locations as of March 25, representing a compound annual growth rate of 38.6%. Chuy's Holdings stated it has opened five restaurants year-to-date in 2012, and plans to open an additional two to three restaurants by the end of the year. From January 1, 2012 to the end of 2016, Chuy's expects to open a total of 50 to 55 new restaurants.

Goode Partners LLC, a New York-based private equity firm, made a strategic investment in Chuy's Holdings in November, 2006. The SEC filing states that as a result of the investment, Goode Chuy's Holdings LLC, an affiliate of Goode Partners LLC became the controlling stockholder of Chuy's Holdings Inc.

In the 13-week period ended March 25, Chuy's said it generated net revenues of $37.5 million, a 28.4% jump from the $29.2 million seen for the prior year's comparable 13 weeks. The company said the increase was driven by $7.7 million in incremental revenues from non-comparable restaurants, which included an additional 102 operating weeks provided by eight new restaurants opened since March 27, 2011. Additionally, during this period, comparable restaurant sales increased 2.6% over the same period the prior year. Of this 2.6% increase, 1.4% of the increase resulted from an increase in average weekly customers and 1.2% of the increase resulted from an increase in the average check. The company conveyed the revenue mix attributed to food, bar and merchandise sales remained steady at 79.7%, 19.3% and 1% of total revenues, respectively.

Chuy's net income totaled $379,000 in the recently ended quarter as compared to $1.26 million a year earlier, but the net income available to common stockholders was $2,000 compared to $16,000 last year. The decrease in net income and net income available to common stockholders resulted primarily from a one-time fee of $2 million paid to terminate the advisory agreement with Goode Partners.

Fiscal year ended December 25, 2011 saw Chuy's revenues rising 37.6% to $130.6 million from $94.9 million in fiscal 2010. The company attributed the increase to $33.3 million in additional revenues related to an additional 387 operating weeks provided by the eight new restaurants opened in 2011 and the full year of operations of the six restaurants opened in 2010. Additionally, during this period, comparable restaurant sales increased 3.1% over the same period of the prior year.

The company did see an increase in cost of sales of $10.5 million, or 41%, to $36.1 million in fiscal 2011 from $25.6 million in fiscal 2010. As a percentage of revenues, cost of sales increased to 27.7% in 2011 compared to 27% in 2010. The increase in cost of sales as a percentage of revenues primarily resulted from an increase in food costs during 2011 as a result of significant price increases in certain of key products such as produce, dairy and cheese.

Chuy's fiscal 2011 net income increased to $3.46 million for fiscal year 2011 from $3.29 million for fiscal year 2010. Net income available to common stockholders increased $2.4 million to $41,000 for fiscal year 2011 from a loss of $2.3 million in fiscal year 2010. The increase in net income available to common stockholders resulted from the decrease in undistributed earnings allocated to participating interest, which included the original issuance price of the preferred stock and the annualized return.

The SEC statement filed last week also outlines that in March, the company entered into a credit facility amendment to increase the available amount under the facility from $67.5 million to $92.5 million. In connection with the amendment, Chuy's said it borrowed an additional $25 million under the term A loan facility of its senior secured credit facility and used the net proceeds from the amendment and the additional borrowings under the term A loan facility to repurchase shares of common stock, series A preferred stock, series B preferred stock and series X preferred stock on April 6, to pay the termination fee to terminate the advisory agreement with Goode and to pay transaction costs related to the credit facility amendment and the stock repurchase. Additionally, the entity increased borrowings under the revolving credit facility by $2.3 million to fund new restaurant capital expenditures.
(#843196)

Hastings Acquisition, LLC dba Nebraska Prime Group -- Hastings, NE -- *OSHA fines Nebraska Prime Group*

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) announced July 16 that it cited Hastings Acquisition LLC, which conducts business as Nebraska Prime Group, for 11 safety violations at its meatpacking facility in Hastings, NE and proposed penalties total $195,100.

According to OSHA, it opened an inspection at the plant operated by Hastings Acquisition dba Nebraska Prime Group after a worker became caught in a machine and was asphyxiated on January 18. OSHA said the worker was asphyxiated when his clothing got caught in the drive roller of a hide belt.

Two related willful violations involve improper machine guarding, which exposes employees to amputation and strangulation hazards, and not supplying a sufficient number of lockout devices for all servicing and maintenance employees to secure the energy sources of mechanical equipment, OSHA explained.

Nine serious violations involve a failure to train workers on protecting themselves from hazards associated with loose clothing around moving equipment, conducting periodic inspections of energy control procedures and properly training workers in energy control procedures, among other things.

OSHA stated Hastings Acquisition dba Nebraska Prime Group has 15 business days from receipt of the citations to comply, request an informal conference with its area director, or contest the findings before the independent occupational safety and health review commission.
(#835067)

FLASH REPORT

Blue Ridge Foods LLC* -- *Brooklyn, NY -- ***Blue Ridge Foods LLC*** filed a petition for bankruptcy under Chapter 7 in the U.S. Bankruptcy Court for the District of New Jersey on July 12 under Case #12-27471, listing the matter as a no-asset case.

According to the debtor's summary of schedules, it holds $81,961 in assets, consisting of uncollected judgment claims, and owes $5.95 million in debt, consisting entirely of general unsecured non-priority claims.

Interestingly, the petition, and the debtor's list of assets and liabilities, is identical to the Chapter 7 bankruptcy petition filed March 9 in the same bankruptcy court by ***Blue Ridge Acquisitions Inc*** under Case #12-16099.

Both debtor entities list ***Peter Jungsberger as president and as holding a 50% interest in each entity and name Eric Sussman*** as vice president and holding a 50% interest in each entity. ***Jungsberger*** signed both petitions and is named as the managing member as well of ***Blue Ridge Foods LLC***.

Both petitions show a ***Max Kleinman*** as being owed $650,000 and name ***3301 Atlantic Avenue LLC*** as a creditor owed $4.49 million, by far the two largest claims.

Until October, 2010, ***Blue Ridge Foods LLC*** leased a facility located at 3301 Atlantic Avenue from ***3301 Atlantic Avenue LLC***, which names ***Marvin Sussman*** as a principal member.

Both Chapter 7 bankruptcy petitions show the ***Blue Ridge Foods*** business incurred a net loss, per a 2010 federal tax return, of $5.2 million. It appears that 2010 was the last year of operations for the business enterprise, although the petitions show conflicting dates and some discrepancies in start and end dates. The petition for ***Blue Ridge Acquisitions Inc*** states ***Blue Ridge Foods LLC*** is a subsidiary, although ownership interests are shown to belong to the two individuals.

Both entities also list alternate names in the same manner: ***dba Blue Ridge Foods LLC, fdba Blue Ridge Farms, fdba Em-Ess Acquisitions LLC*** and ***fdba BRF Enterprises LLC***.

According to a press release from November, 2009, ***Blue Ridge Foods LLC dba Blue Ridge Farms*** hired and named ***Mark Kleinman*** as its chief executive. The business stated at the time that as a "veteran food industry and consumer products leader," ***Kleinman*** had driven "strong growth" at units of two major food manufacturers and other leading companies. The announcement was made by ***Marvin S. Sussman,*** who had served as the company's interim chief executive and continued as chairman of the provider of salads, entrees and other deli case products.

The receptionist for the company informed SEAFAX in June, 2010 that neither " ***Kleinman*** nor ***Sussman*** were then with the business any longer. When asked who was in charge of daily decisions and operations, the receptionist advised a person named ***Peter Jungsberger*** held that role, but also stated he did not come into the office and refused to provide a contact number for him.

Blue Ridge Foods LLC dba Blue Ridge Farms, established originally under the name of ***EM-ESS Acquisition LLC*** and established in April, 2009, in late May of 2009, acquired substantially all of bankrupt ***Chloe Foods Corp's*** assets from that entity's Chapter 11 bankruptcy estate pursuant to the terms of an asset purchase agreement dated as of April, 2009. The deal called for consideration of $3 million.

Chloe Foods Corp sought Chapter 11 bankruptcy in December, 2008.

The shareholder of ***Blue Ridge Foods LLC*** fka ***EM-ESS***

Acquisition LLC, was named in bankruptcy court documents as ***Marvin S. Sussman.***

Chloe Foods Corp was established in 2003 and purchased the assets of salad maker ***Blue Ridge Farms Inc*** from that entity's secured lender in May, 2004.

Despite operating in ***Brooklyn, NY*** at one time, ***Blue Ridge Foods LLC*** and ***Blue Ridge Acquisitions Inc*** list ***New Jersey*** mailing addresses now.
(#830000)

BANKRUPTCY NEWS UPDATE

Cowboy Ciao, L.L.C. -- Scottsdale, AZ -- *Cowboy Ciao case consolidated with affiliate*

Cowboy Ciao LLC, a restaurant business that serves a mix of Tex-Mex and Italian cuisine and that filed a petition for Chapter 11 bankruptcy June 29 with the U.S. Bankruptcy Court for the District of Arizona, saw its bankruptcy proceeding authorized for joint administration with that of its affiliate, Kazbar LLC, which does business as Kazimierz World Wine Bar, as of last week.

Kazbar LLC dba Kazimierz World Wine Bar filed a Chapter 11 bankruptcy petition within the same bankruptcy court also on June 29 under Case #12-14666. The two cases are now being jointly administered under the proceeding for Kazbar LLC dba Kazimierz World Wine Bar.

Peter Kasperski signed both petitions as the debtors' sole member/owner.

The two debtors filed a motion July 13 for authorization from the bankruptcy court to pay the pre-petition claims of certain critical vendors. The court on July 16 issued a notice that it will hold a hearing on the motion on August 9.

The motion specifies payment to three creditors, two of which provide the debtors with specialty foods and beverages, Nicola Imports LLC - owed $12,615, and Mount Hope Wholesale - owed $3,338.

According to an order entered July 9, Cowboy Ciao and Kazimierz World Wine Bar are permitted on an interim basis to use the revenues generated from the sale of inventory, including wine, in which Realty Management Group LLC has asserted a security interest to pay their ordinary and necessary expenses. The interim order expires on August 2. A continued hearing on the matter of the further use of cash collateral is scheduled for July 26.

The two debtors also asked the bankruptcy court to allow them to until July 27 to to file their schedules of assets and liabilities and statements of financial affairs. The debtors requested the two-week extension of time stating that they have not yet been able to assemble all the information required to complete the schedules and statements of financial affairs, noting a contributing factor has been the absence of key personnel up to and immediately following the filing of the bankruptcy petition, the complexity of their operations and the urgency of the filings.

The petitions explain that while Kazbar LLC and Cowboy Ciao LLC are separate establishments, their common ownership and proximity allows for the sharing of employees and other resources. To that end, the two enterprises state they tend to have similar creditor constituencies.

Kazbar LLC operates an upscale lounge named Kazimierz World Wine Bar in downtown Scottsdale. The lounge serves cheeses, antipasto, flatbreads and fondue to accompany an extensive assortment of wines and offers live entertainment.

Cowboy Ciao is an upscale restaurant that serves lunch and dinner, "is known for its extensive and internationally acclaimed wine list" and began operations in 1997.

The bankruptcy petitions outline that the debtors commenced the bankruptcy cases in large part because of a dispute with the IRS over the payment of federal payroll taxes. The debtors said they use a service to manage payroll activities and assert the service was responsible for tasks such as computing, withholding, accounting for and remitting the appropriate taxes to the IRS. Although the debtors assert the payroll service provided documentation showing that payroll taxes were withheld from employees and remitted to the IRS, the IRS has not attributed those payments to the debtors' accounts. As a result, before the Chapter 11 bankruptcy case was filed, the IRS commenced collection activities, and levied against the restaurant revenues.
(#853367)

Piggly Wiggly of Crystal Springs, Inc. -- Crystal Springs, MS -- *Mississippi Piggly Wiggly franchisees detail debts*

Piggly Wiggly of Crystal Springs Inc and its affiliate through common ownership, The Bowman Company dba Piggly Wiggly, both of which filed Chapter 11 bankruptcy petitions June 25, provided the bankruptcy court with their schedules of assets and liabilities.

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.

Piggly Wiggly of Crystal Springs states it holds assets with a total value of just under $1.99 million and owes total debt of $1.57 million.

The debtor asserts its real property in Crystal Springs as worth $950,000 and says that its personal property is worth just over $1 million.

Piggly Wiggly of Crystal Springs owes secured claims totaling $1.2 million, including $1.07 million to Piggly Wiggly Alabama Distributing Co., Inc. The other secured claim belongs to the Small Business Administration for a Katrina disaster loan of $175,370. A sum of $105,978 is outstanding for various tax obligations and $220,753 is owed in general unsecured non-priority debt. However, the schedules show that Kenneth Bowman is owed $84,861 and Neil Bowman is owed $134,560 for unsecured loans they made to the business.

Piggly Wiggly of Crystal Springs generated $5.25 million in revenues in fiscal 2010 and $5.1 million in revenues in fiscal 2011.

From January 1 through June 25 of this year, the business said it generated $2.4 million in revenues.

The Bowman Company dba Piggly Wiggly, which operates a store in Hazlehurst, MS, lists total liabilities of $1.8 million and states its assets are worth $626,359.

The debtor's assets consist entirely of personal property as the location is leased.

The Bowman Company dba Piggly Wiggly's only secured debt belongs to Piggly Wiggly Alabama Distributing Co., Inc and totals $786,000. The creditor initiated legal proceedings against both debtors and the civil case is pending before the circuit court of Jefferson County in Alabama.

The Bowman Company dba Piggly Wiggly owes $65,453 in tax obligations and $980,882 in general unsecured non-priority debt. The schedules show that Kenneth Bowman is owed $242,545 and Neil Bowman is owed $722,335 for unsecured loans they made to the business.

The Bowman Company dba Piggly Wiggly advised the bankruptcy court it generated $4.4 million in both fiscal 2010 and in fiscal 2011. The debtor business generated $1.96 million in revenues from January 1 through April, 30 of this year.
(#853210)

T & J Restaurants, L.L.C. dba Chevys Fresh Mex -- O Fallon, IL -- *T & J Restaurants seeks to sell certain assets*

T & J Restaurants LLC, a franchisee of Real Mex Restaurants Inc and conducting business as Chevys Fresh Mex, filed a motion July 13 requesting bankruptcy court authority to sell the assets of its Olivette, MO location.

The debtor informed the court K & N Land Company LLC, an entity 50% owned by T & J Restaurants' managing member, John Wicker, agreed to purchase the Olivette facility for $2.3 million, subject to higher and better bids.

A hearing to consider the approval of the debtor's sale motion will take place July 26, the same day the court will consider a motion filed by GE Capital Corporation, a secured creditor, asking the bankruptcy court to enter an order terminating the automatic stay to allow the creditor to exercise its rights and remedies. GE Capital stated in its motion that the debtor lacks any equity in its property and after approximately one year in bankruptcy proceedings, T & J Restaurants has been unable to propose a confirmable plan of reorganization.

GE Capital added that although the debtor has had ample opportunity to restructure its leases and otherwise reorganize its business, it remains unable to sustain a monthly debt service payment, amortize its pre-petition tax liability of close to $1 million, pay its operating expenses and rent and pay creditors, all of which the debtor must do to confirm the plan it has currently proposed.

Although the bankruptcy court scheduled a July 10 hearing to consider the approval of the disclosure statement presented by the debtor in March, T & J Restaurants filed a motion July 4 requesting a 30-day continuance, advising it needed more time for settlement discussions with GE Capital. T & J Restaurants added that at the present time, and in keeping with the provisions and requirements of a potential settlement structure, it is preparing a first amended plan of reorganization.

However, GE Capital submitted an objection that same day to the debtor's motion asking for a continuance, stating that settlement discussions have not yet come close to resolving the issues between the parties. In fact, GE Capital told the court T & J Restaurants has dramatically altered the outlined potential settlement structure in such a way as to render the structure akin to an offer GE had rejected much earlier in the case. GE Capital said it will certainly continue to negotiate with the debtor seriously and in good faith, however, stated there is a very real possibility that no settlement will come to fruition and argued T & J Restaurants should be required to move forward in light of that possibility.

A hearing related to the debtor's disclosure statement will also take place July 26.
(#844594)

BANKRUPTCY BRIEFS

Rayma Food, LLC dba IGA Economizer -- Dover, FL -- The U.S. Bankruptcy Court for the Middle District of Florida entered an order July 13 extending the period in which Rayma Food LLC may file a plan of reorganization and disclosure statement to until August 2 -- Rayma Food operates a supermarket under the IGA Economizer banner and filed a Chapter 11 bankruptcy petition April 19 -- The bankruptcy court had mandated that Rayma Food file its plan and disclosure statement by July 12, but the debtor requested a 21-day extension on July 2 -- Rayma Food said it required 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
(#851673)

Star Buffet, Inc. dba Buddy Freddy's -- Scottsdale, AZ -- The bankruptcy court scheduled an October 22 evidentiary hearing related to the confirmation of the first amended plan of reorganization proposed by Star Buffet Inc and its wholly owned subsidiary, Summit Family Restaurants Inc -- Although a confirmation hearing had been expected to take place July 12, the official committee of unsecured creditors advised the debtors in mid-June they had retained legal and financial experts to explore alternatives to the proposed plan -- According to a July 9 ballot report presented to the bankruptcy court, of the 11 votes cast by general unsecured creditors, five voted to accept the plan and six voted to reject -- The total dollar amount of the claims voting to accept the plan is $622,190, while the dollar amount of claims voting to reject the plan totaled $3.5 million -- 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
(#595514)

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