



FIRST NEWS

Your daily food industry update

FoodONE
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UNDER REVIEW

NC Food Distribution Inc. -- Dunn, NC (#826047)

COLLECTIONS PLACED

James Foods, Inc. -- Asheboro, NC (#816573) -- \$2,834

RATING CHANGES

Allen Brothers, Inc. -- Chicago, IL (#25116) **L to I**

Bindi North America, Inc. -- Belleville, NJ (#843727) **H to L**

Davis Creek Meat and Seafood, LLC -- Kalamazoo, MI (#780444) **U to R**

**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

Bob Evans Farms, Inc. dba Bob Evans Restaurants -- Columbus, OH -- Bob Evans Farms Inc may be attempting to sell its Mimi's Cafe restaurant concept to investment bankers, according to a July 17 article in the Columbus Dispatch newspaper -- When contacted by SEAFAX about the report, a Bob Evans Farms representative advised it is the company's long-standing policy not to comment on rumor or speculation -- However, the Columbus Dispatch said two unnamed sources conveyed to The Deal that the Mimi's Cafe chain may be acquired for \$210 million -- Bob Evans Farms owns and operates 564 Bob Evans restaurants in 18 states, primarily in the Midwest, mid-Atlantic and southeastern regions of the U.S., and 145 Mimi's Cafe restaurants in 24 states, primarily in California and other western states -- Bob Evans Farms also produces and distributes pork sausage and a variety of convenience food items under the Bob Evans and Owens brand names (#29990)

Hampton Roads Seafoods, Limited -- Hampton, VA -- Ronnie Saulman, 50% shareholder and treasurer and corporate secretary of Hampton Roads Seafoods Limited, told SEAFAX July 17 the business is still without a dedicated source of power and is presently operating out of the back of a truck and under generator power -- Saulman said Hampton Roads Seafoods had not returned to full scale operations following a tornado that swept through Hampton on June 1, severely damaging the business, for the aforementioned reasons -- SEAFAX learned the business is still negotiating with its insurance carrier and other entities and Saulman believes it will be another six to eight weeks before the business can fully access its options -- Hampton Roads Seafoods is in the meanwhile conducting some limited scale operations, including direct shipping of product purchased and sold -- SEAFAX learned the business reached out to its suppliers shortly after the storm damage and continued to pay what was due in the normal course (#489490)

Supervalu Inc. -- Eden Prairie, MN -- The Wall Street Journal speculated this week that one of the companies which may be interested in acquiring Supervalu Inc's distribution business is Keene, NH-based C&S

Wholesale Grocers Inc -- A representative of Supervalu told SEAFAX July 17 that the company is not currently commenting on the Wall Street Journal story -- Correspondence sent by SEAFAX to a representative of C&S Wholesale Grocers went unanswered Tuesday -- Supervalu revealed July 11 that it, in conjunction with its financial advisors, initiated a review of strategic alternatives to create value for the company's shareholders -- Supervalu said at the time there can be no assurance that such a review will result in any transaction or any change in the company's overall structure or its business model -- Supervalu released its first quarter fiscal 2013 results last week showing declines in both sales and earnings, as well as a reduction in cash flow from operations and acknowledged it is dealing with a significant debt load (#310789)

US Foods, Inc. dba US Foods -- Rosemont, IL -- Moody's Investors Service placed all ratings on US Foods Inc on review for downgrade, citing the the entity's liquidity position and the amount of debt service -- Moody's said "the review for downgrade will consider US Foods' liquidity, which includes its significant upcoming maturities over the next 12 months as well as availability under its heavily utilized unrated \$1.1 billion asset-based revolving credit facility, and operating performance trends" -- According to Moody's, "US Foods' B3 corporate family and probability of default ratings reflect the company's highly leveraged capital structure, with significant maturities over the next 12 months that result in a challenged liquidity profile, and weak credit metrics" -- Additionally, the ratings also reflect Moody's assumption that "these metrics will continue to show only modest incremental improvement over the next 12 months given an aggressive financial policy," referring to the entity's recent announcement of acquisitions, "and the fact that much of the company's cash flows go to service debt and fund capital expenditures" -- Moody's outlined that US Foods has a \$425 million senior secured term loan due 2017, a \$702 million non-extended term loan due July, 2014, \$400 million in senior unsecured notes due 2019 and \$521 million in senior subordinated notes due 2017 (#392089)

NEWS DIGEST

CAL Poultry Vikon Inc. -- Rosemead, CA -- City of Rosemead seeks to shut down CAL Poultry Vikon

The City of Rosemead, the city council and the city's planning commission jointly filed an appeal with the U.S. District Court for the Central District of California July 16 seeking to have the preliminary injunction granted for CAL Poultry Vikon Inc overturned.

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.

On June 26, the district court granted CAL Poultry's motion for a preliminary injunction which prevented the City of Rosemead from shutting down the company's 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 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 order granting the preliminary injunction, 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)

En Gros Pierre Poissons Et Fruit De Mer Inc. dba Pierre Seafood -- Saint-Laurent, QC Canada -- Pierre Seafood purchased by Sysco Canada

Peter Hampas, president of En Gros Pierre Poissons Et Fruit De Mer Inc, also known as Pierre Seafood, informed SEAFAX July 17 that 100% of the company's common stock shares were sold to Sysco Canada Inc effective Monday, July 16.

Financial details related to the transaction were not disclosed.

Hampas conveyed that trade debts owed by En Gros Pierre Et Fruit De Mer aka Pierre Seafood will continue to be paid in the normal course.

According to Hampas, Pierre Seafood now operates as a division of Sysco Canada and no changes are expected at the business in the immediate future. Hampas added that he, along with all of Pierre Seafood's employees, are expected to remain with the company.

Hampas said the deal with Sysco Canada had been in the works for approximately one year.

A message left by SEAFAX for a representative of Sysco Canada to request additional information related to the transaction, including the legal structure of the operation going forward, was not returned as of Tuesday afternoon.

As a result of the sale of En Gros Pierre Et Fruit De Mer aka Pierre Seafood to Sysco Canada, Hampas said the operations of the company's affiliate, 9239-8601 Quebec Inc, doing business as Aquarius Seafood Trading, have been terminated. Hampas advised that all trade debts owed by that business were paid in full upon the business ceasing operations.

Aquarius Seafood Trading was established in May, 2011 as the primary purchasing entity for product previously acquired in the Miami, FL area and from overseas by Pierre Seafood.

Hampas established En Gros Pierre Et Fruit De Mer aka Pierre Seafood in 1991 as a wholesaler of fresh and frozen seafood products for distribution to supermarket chains, hospitals, schools, prisons, lodging and entertainment facilities and restaurants.

9239-8601 Quebec Inc dba Aquarius Seafood Trading and Pierre Seafood were wholly owned subsidiaries of 3993850 Canada Inc, a holding company owned by Hampas.
(#33221)

House of Raeford Farms, Inc. -- Raeford, NC -- House of Raeford seeks dismissal of government's case

House of Raeford Farms Inc and its plant manager, Gregory Steenblock, filed a motion last week seeking a dismissal of a 14-count indictment filed by the U.S. Department of Justice (DOJ) in late June related to allegations of multiple violations of the Clean Water Act.

The U.S. District Court for the Middle District of Florida in January dismissed a separate 14-count indictment filed by the DOJ against House of Raeford and Steenblock with the same allegations after agreeing that the government failed to provide a speedy trial. That case was dismissed without prejudice to the government.

The government's most recent indictment reiterates its allegations that were dismissed by the court earlier this year.

House of Raeford and Steenblock stated in their dismissal request that the government has chosen to prosecute based not on provisions of law passed directly by Congress, or even enacted by a federal agency, but on local ordinances adopted by a municipality and rules imposed by city employees. The company and Steenblock added the government is seeking a federal criminal trial and imprisonment of a company manager even though the municipality that adopted the ordinances and imposed the rules collected its own penalties and favorably resolved the underlying issues more than five years ago.

Therefore, House of Raeford and Steenblock argue criminal prosecution of the defendants is inappropriate and the indictment should be dismissed.

The court had not scheduled a hearing related to the dismissal request.

The DOJ's complaint alleges that on 14 occasions between January, 2005 and August, 2006, House of Raeford Farms and Steenblock allowed plant employees to bypass the facility's pre-treatment system and send its untreated wastewater, which was contaminated with waste from processing operations, including blood and body parts from slaughtered turkeys, directly to the city's publicly owned treatment works without notifying city officials.

House of Raeford issued a statement July 9 regarding the most recent indictment conveying it was pleased with the court's decision earlier this year to dismiss the government's case involving the company's processing plant in Raeford, NC. House of Raeford's statement conveyed that there were no crimes committed and what occurred was unintentional and was fixed six years ago at a cost of \$1.4 million through upgrades and replacements of the portions of its pre-treatment system where problems were happening. Additionally, House of Raeford Farms paid the city nearly \$1 million in fines and surcharges for the alleged violations that occurred while the upgrade was being planned, designed and built.
(#20049)

Live Lobster Co., Inc. -- Chelsea, MA -- No

surprise, Live Lobster sees nothing for unsecured

According to a letter dated June 25 and recently obtained by SEAFAX, Live Lobster Co., Inc, which ceased operations earlier this year, anticipates its secured bank creditor will not be paid in full and that there will be a deficiency with no funds available to pay general unsecured creditors to the defunct business.

As reported, SEAFAX verified April 13 that TD Bank filed a civil lawsuit on April 12 against Live Lobster Co., Inc seeking to recover \$3.4 million that the bank claimed it is owed.

According to the lawsuit, filed with the U.S. District Court for the District of Massachusetts, the defendant, Live Lobster co., Inc, is in default pursuant to a note and loan agreement because, inter alia, it failed to make payments when due, it is unable to pay its debts when due, there has been a change in the conditions or affairs of the defendant which in the opinion of the bank impairs the bank's security or increases the bank's risk and the defendant is out of compliance with the requirements set forth in the loan agreement requiring that the maximum advances pursuant to the note are limited to 80% of eligible domestic receivables less than 90 days old plus 80% of eligible insured foreign receivables less than 90 days old.

Live Lobster's late June letter advises that the bank has liquidated certain company assets, asserting its rights under the Uniform Commercial Code (UCC), and has stated its intention to liquidate all assets of the company until it is paid the in excess of \$6 million that it is owed. The letter outlines that the senior secured lender requested the company's cooperation in maximizing the value of the assets, but also explains that as of the June 25 date, no plan was in place.

Documents accompanying the lawsuit explained that on March 23, TD Bank exercised its rights pursuant to the note agreement and demanded immediate payment in full.

The legal proceeding has not been updated, per the court docket, since the litigation was filed in April.

Live Lobster asserts in its June letter that it and its affiliates ceased operations when its senior secured lender seized cash from the operating account and declined to advance funds to fund operations. That action, according to Live Lobster, led it to close its doors.

SEAFAX confirmed in late March that the operations of Live Lobster Co., Inc's Prospect Harbor, ME-based affiliate, Lobster Web Co., LLC, as well as those of Live Lobster Co., Inc and its other affiliates, were inactive due to the inability to access bank funding. (#610794)

FLASH REPORT

Hoisin Boys Restaurant Management, LLC -- Los Angeles, CA -- **Dennis Mao**, principal of **Hoisin Boys Restaurant Management LLC**, which conducts business as **Robata-Ya**, now avoids all communication with SEAFAX regarding further payment toward a \$4,626 claim placed for collection in December, 2011.

The debt represents unpaid invoices that date back to last October.

Shortly after placement, **Mao** conveyed that he could not commit to a structured payment plan due to severe cash problems being experienced by **Hoisin Boys Restaurant Management LLC**. **Mao** later agreed in March to send payment, but funds were not tendered as agreed.

After failure to comply with the promised payment, a SEAFAX representative conducted a personal collection visit to the **Los Angeles, CA** location of **Mao Foods Inc**, an entity that **Mao** is president of and which formerly conducted business as **East Olympic Poultry Inc**. During the visit, **Mao** advised the SEAFAX representative he would pay the collection claim placed against **Hoisin Boys Restaurant Management LLC** on his own terms, but declined to provide those terms.

Although **Hoisin Boys Restaurant Management LLC** has reduced the amount owed to \$3,126, the last payment was received nearly 45 days ago and all recent messages and other forms of correspondence for **Mao** have been ignored.

A Los Angeles magazine called "Angeleno" in September, 2011 article named **Mao** as the principal of **Jidori Chicken**, a specialty poultry distributor located in **Los Angeles**. SEAFAX was unable to locate **Jidori Chicken** as a corporate entity with the California Secretary of State or that name filed as a trade style in Los Angeles County. (#848391)

Meateria, Inc. -- Port Chester, NY -- A supplier to **Meateria Inc**, which conducted business as **Port Chester Meateria** and **Port Wholesale Meat**, conveyed to SEAFAX July 17 that the company ceased all business operations over the weekend.

Meateria Inc owes the supplier a debt totaling \$133,000, representing unpaid invoices dating back to June.

According to the supplier, it has been unable to reach representatives of **Meateria Inc** to discuss payment of the \$133,000 debt. The creditor said it may pursue legal action in an effort to collect the past due balance.

SEAFAX's efforts to speak with **Pat Albano**, president and sole shareholder of **Meateria Inc**, July 17 regarding the company's unpaid debts were fruitless as the entity's phone number has been disconnected.

As of July 17, **Meateria Inc** has not filed a bankruptcy petition.

Another supplier to **Meateria Inc** told SEAFAX that it stopped selling the business a few weeks ago and is also owed a small amount of money.

Established in 1963 by members of the **Albano** family, **Meateria Inc** operated five butcher shops in the New York cities of **New Rochelle, Pelham, Yonkers, Bronx** and **Port Chester**. (#815320)

Quality Seafood Inc. -- Forest Park, GA -- Despite tendering installments totaling \$16,121, **Van Kieu "Tom" Nguyen**, president of **Quality Seafood Inc**, refuses to address the balance of a \$62,244 debt placed for collection against the entity.

The debt, placed for collection in September of 2010, represents unpaid invoices dating back to 2009.

Quality Seafood Inc was supposed to remit monthly installments of approximately \$1,000 until the debt is retired in full. The debtor's installment that was due in May arrived in early June and payment due in June was never issued.

Nguyen told SEAFAX last week that he had to review **Quality Seafood Inc's** books and call back with payment information. However, **Nguyen** failed to contact SEAFAX at the negotiated time and the installment due in June has not yet been issued.

Since the placement of this claim, SEAFAX has conducted three personal collection visit to **Quality Seafood Inc**. During the collection visit last January, **Nguyen** said cash flow problems prohibited the business from tendering payment toward the remaining balance of the debt. According to **Nguyen**, **Quality Seafood Inc's** cash flow problems result from several significant customers failing to pay the company.

SEAFAX's first collection visit to **Quality Seafood Inc** occurred in early December. **Nguyen** was not present at the time of visit, but he contacted SEAFAX shortly afterward and promised to remit partial payments on the debt.

SEAFAX observed **Quality Seafood Inc's** location to be adequately stocked with a broad selection of seafood products during the first two personal collection visits, but **Nguyen** has repeatedly explained that the company is struggling with financial issues.

The creditor conveyed to SEAFAX earlier that **Nguyen** previously operated a business by the name of **Chuck Wagon Seafood**.

SEAFAX confirmed civil lawsuits in 2007 and 2009 were filed jointly against **Nguyen** and **Chuck Wagon Seafood**.

De Kalb County superior court records show a county tax lien in the amount of \$2,405 was filed against **Nguyen** last January.

Established in May, 2007, **Quality Seafood Inc** lists its only principal agent as **Nguyen** with Georgia corporate records. (#837083)

Real Deal Services, Inc. -- Davie, FL -- Charles Braha, president and sole shareholder of **Real Deal Services Inc**, issued a letter to SEAFAX advising that market conditions will not allow the business to tender payment toward a \$2,372 debt placed for collection against the entity until late August.

The debt represents unpaid invoices dating back to last November. **Real Deal Services Inc** negotiated a settlement figure of \$1,395 as full satisfaction of the \$2,372 debt place for collection.

Prior to the receipt of **Braha's** letter, a representative of **Real Deal Services Inc**, **Russell Stuart**, sent an email advising in addition to slow sales, construction in the area had impacted the company's communication lines and more time was needed to resolve the collection placement, even at the reduced amount. Interestingly, in **Braha's** letter, he attributed himself as the author of the email which was signed as "**Stuart**."

Suspicion about the identity of representatives who are reportedly present or not at the debtor's location and answer the telephone

has been an ongoing issue as **Real Deal Services Inc** has a history of collections with SEAFAX dating back to 2000.

Established in 1997, **Real Deal Services Inc** has a history of trade payment slowness and a total of 11 claims placed with SEAFAX for collection since 2000. While the majority of those claims were settled, creditors either reduced the principal amount due or accepted payments over an extended period of time. The previous three debts placed for collection against the debtor and totaling \$10,924 were never paid.

SEAFAX confirmed with the Broward County circuit court that a modest state tax lien filed against **Real Deal Services Inc** in September, 2005 was eventually released some nine months later.

A Texas-based transportation provider filed a civil judgment in 2002 against **Real Deal Services Inc** for \$9,753.

Braha was previously the president and 100% stockholder of **Charles Braha Inc**, doing business as **New Day Food Services**, located in **Fort Lauderdale, FL**. Established in 1993, that company too had a history of collection activity and is believed to have ceased operations sometime in 1998, leaving behind unpaid trade debts. (#76484)

BANKRUPTCY NEWS UPDATE

AMK Foodservices, Inc. dba Kaney Foods -- San Luis Obispo, CA -- AMK Foodservices' principal also seeks bankruptcy

AMK Foodservices Inc, doing business as Kaney Foods, won bankruptcy court approval this week to extend the deadline by which it must present its schedules, statement of financial affairs and other required documents to August 7 from July 24.

In its explanation for an extension, the debtor conveyed that John P. Kaney, its chief executive and principal shareholder, was preparing to file his own bankruptcy case and, in addition to running the day-to-day business of AMK Foodservices Inc dba Kaney Foods, Kaney is the person primarily responsible at the debtor for preparing the information that will be needed to complete the bankruptcy schedules and statement of financial affairs, but he will also need time to prepare his own personal bankruptcy petition with the attorney representing him in that action.

Kaney filed a personal Chapter 11 bankruptcy petition on July 10, the same day that the corporation sought its own Chapter 11 petition.

Kaney presented the bankruptcy court on July 16 with required information, including a summary of schedules, statistical summary of certain liabilities, schedules of debts and assets and statement of financial affairs. The summary of schedules declares that Kaney holds \$819,985 in assets and owes \$6.8 million in debt.

According to the schedules, Kaney holds \$207,985 in personal property and \$612,000 in real property. The latter is mortgaged and a secured debt of \$602,700 is outstanding on the property.

In total, the secured claims against Kaney total \$670,759.

The \$6.13 million in general unsecured non-priority claims include

numerous corporate obligations from the business entity, but according to the schedules were listed out of caution on the personal petition.

AMK Foodservices Inc dba Kaney Foods won bankruptcy court permission to utilize cash collateral on an interim basis and an order was signed by the bankruptcy court to this effect on July 16. The bankruptcy court granted AMK Foodservices Inc dba Kaney Foods continued use of cash collateral held as security by several different parties through to August 22, when another hearing on the matter will be held.
(#213288)

Andre's French Restaurant, Inc. -- Las Vegas, NV -- *Andre's and affiliates submit amended plan to address payment of secured debt*

Andre's French Restaurant Inc, doing business as Andre's at Monte Carlo, and its bankrupt affiliates, Alize, conducting business as Alize at the Top of the Palms, and Gastronomy Management Group, along with the entities' principal, Marius Andre Rochat, filed a fourth amended plan of reorganization July 16 to address payment to Gastronomy's secured creditor.

The proposed plan states that because the estates of each debtor will not be substantively consolidated, each debtor has proposed a plan to deal with its obligations and how those obligations will be paid under the plan.

The third amended plan offered Plaza Bank, a secured creditor to Gastronomy Management Group, the parent company to both Andre's French Restaurant and Alize, two options to address its claim. However, the fourth amended plan sees Plaza Bank's secured claim paid at the rate of \$2,500 per month for five years pursuant to the terms of a stipulation between the parties. The fourth amended plan still proposes to pay Gastronomy Management Group's general unsecured creditors, holding claims of approximately \$3.2 million, from a pro rata fund of \$4,500 per month from the debtor's profits on a quarterly basis for five years beginning 120 days after confirmation.

Andre's French Restaurant's general unsecured creditors, which hold claims of approximately \$585,963, will still be paid from a pro rata fund of \$950 per month from the debtor's profits over a five-year period beginning 120 days after confirmation.

The amended plan continues to see Alize's general unsecured creditors, which hold claims of about \$617,308, being paid pro rata from a fund of \$2,000 per month from the debtor's profits for a five-year period commencing 120 days after confirmation.

A hearing to consider the confirmation of the debtors' fourth amended plan of reorganization will take place July 24.
(#75753)

T & J Restaurants, L.L.C. dba Chevys Fresh Mex -- O Fallon, IL -- *T & J Restaurants requests extension of exclusive period*

T & J Restaurants LLC, a franchisee of Real Mex Restaurants Inc and conducting business as Chevys Fresh Mex, presented a motion July 16 seeking an extension of the exclusive period for

obtaining acceptance of a Chapter 11 plan of reorganization through September 17.

The debtor informed the court in its request for more time that the approval of two recent motions, one seeking the approval of a settlement with GE Capital Corporation, its secured creditor, and the other asking for the authority to sell the assets of one of its locations, is essential to its efforts at obtaining acceptances of its plan of reorganization proposed in March.

As reported, GE Capital recently submitted a motion asking the bankruptcy court to enter an order terminating the automatic stay to allow the creditor to exercise its rights and remedies. However, T & J Restaurants filed a motion just days later seeking approval of a settlement and compromise of certain claims of GE Capital, which is owed approximately \$5.4 million.

According to the debtor's motion, it has been in discussions with First National Bank and Concord Bank regarding the financing of a \$3.5 million loan to enable T & J Restaurants to resolve GE Capital's claims against the debtor. T & J Restaurants said the resolution between it and GE Capital will be implemented through the sale of its real property located in Olivette, MO and two lump sum payments to the secured creditor in the total amount of \$3.5 million in return for the satisfaction of GE Capital's claims against the debtor.

The debtor told the bankruptcy court in its sale motion that 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.

The bankruptcy court will consider the approval of the debtor's settlement and sale motions during a July 26 hearing.
(#844594)

BANKRUPTCY BRIEFS

EMR Dale Mabry, LLC dba Estela's Mexican Restaurant -- Tampa, FL -- 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 filed a motion July 16 requesting the August 16 confirmation hearing set by the bankruptcy court be continued for at least 30 days -- The debtors presented their plans of reorganization to the court July 2 and received conditional approval of the accompanying disclosure statements July 9, with the order stating final approval will be granted if no objections are filed prior to an August 9 deadline -- According to the debtors' July 16 motions, they have each determined that they must amend their plans, therefore service of the solicitation package at this time would be an unnecessary expense incurred by the estates
(#848643)

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