



# FIRST NEWS

Your daily food industry update

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

## COLLECTIONS PLACED

America West Brokerage & Trading Co., Inc. -- Commerce City, CO (#607844) -- \$17,082

Crazy Horse Restaurant, Inc. dba Crazy Horse Steakhouse and Saloon -- Hagerstown, MD (#853365) -- \$2,656

Felucca Meat Market LLC -- Hatboro, PA (#853381) -- \$3,535

Trinacria Group LLC dba Granduca Restaurant -- New York, NY (#848328) -- \$1,819

## RATING CHANGES

Grant Park Sausage, Inc. -- dba Grant Park Custom Meats -- Franklin Park, IL (#837591) **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

**Cal-Maine Foods, Inc. dba Cal-Maine Egg Products -- Jackson, MS** -- Cal-Maine Foods Inc announced July 18 it reached an agreement to acquire the commercial egg operations of Greeley, CO-based Pilgrim's Pride Corporation -- According to Cal-Maine Foods, the assets to be purchased include two production complexes with capacity for approximately 1.4 million laying hens and adjacent land located near Pittsburg, TX -- The financial terms of the transaction, including the purchase price, were not disclosed -- Cal-Maine Foods said it expects to close the transaction in August -- Dolph Baker, president and chief executive officer of Cal-Maine Foods, stated the production facilities that will be acquired will complement the company's existing operations in Texas and the additional capacity will enhance the ability to serve customers in the Texas markets (#42147)

**Food Lion, LLC dba Bloom -- Salisbury, NC** -- Food Lion LLC, a wholly owned subsidiary of Delhaize America LLC, announced July 18 it launched its new brand strategy in 269 stores located in North Carolina and South Carolina -- According to the company, the strategy is based on customer feedback and continues to position Food Lion for future success -- Food Lion announced plans in January to accelerate the roll-out of its brand strategy, which offers customers lower prices on 6,000 items, to an additional 600 to 700 stores by the end of 2012 -- Food Lion said July 18 it now has more than 700 locations operating under the brand strategy, representing more than 60% of its store base -- Food Lion, based in Salisbury, NC, operates more than 1,100 supermarkets in 10 southeastern and mid-Atlantic states (#606577)

**O'Scannlain & Gorogianis, LLC dba Fortune Fish Company -- Bensenville, IL** -- O'Scannlain & Gorogianis LLC, doing business as Fortune Fish Company, recently acquired J.D.Y Inc, conducting business as JDY Gourmet, according to an item appearing in Grub Street Chicago dated

July 18 -- Upon reaching out to the principals at both companies, including Fortune Fish Company's member and 50% owner, Sean J. O'Scannlain, and JDY Gourmet's president and sole stockholder, David Yourd, SEAFAX was advised that due to a trade show, answers related to the transaction between the two companies would not be available until Thursday, July 19 -- SEAFAX will release further details about Fortune Fish Company's acquisition of J.D.Y. Gourmet once available -- JDY Gourmet was established in 1984 by Yourd's parents as a wholesaler and distributor of general grocery, specialty, meat and poultry items -- Yourd is also the president and sole stockholder of J.D.Y Meat Inc, which operates as a retail location -- Fortune Fish Company, founded in 2001, is a wholesaler, distributor and processor of primarily seafood products, but also operates a division which supplies gourmet specialty foods (#611941)

**Smithfield Foods, Inc. -- Smithfield, VA** -- Smithfield Foods Inc said July 18 it is initiating an underwritten public offering, subject to market and other conditions, of \$650 million in aggregate principal amount of senior notes due 2022 in a registered underwritten public offering -- The company said it intends to use the net proceeds of the offering, together with available cash and borrowings under its accounts receivable securitization facility, to finance a tender offer to repurchase any and all of its outstanding 10% senior secured notes due 2014 and 7.75% senior notes due 2013, including the payment of all accrued and unpaid interest payable and any applicable premium with respect to the notes purchased in the tender offer, as well as any related fees and expenses -- According to Smithfield Foods, the refinancing will reduce interest expense and, upon the repayment in full of all of the 10% senior secured notes due 2014, any collateral currently securing such notes on a first priority basis will be released (#17740)

**Supervalu Inc. -- Eden Prairie, MN** -- Supervalu Inc-owned Save-A-Lot announced July 18 that its chief operating officer, Tom Lenkevich, plans to leave the company to pursue other opportunities -- Save-A-Lot said it has made appropriate changes on its executive leadership team to ensure continued service to its stores during this transition and moving forward (#310789)

## NEWS DIGEST

**Del Frisco's Restaurant Group, LLC dba Del Frisco's Double Eagle Steak House -- Southlake, TX** -- Del Frisco's Restaurant Group prices IPO

Del Frisco's Restaurant Group LLC filed an amended registration statement with the Securities and Exchange Commission (SEC) this week, outlining that it plans to offer 4.3 million common stock shares at between \$14 to \$16 per share in an initial public offering.

Del Frisco's Restaurant Group's current equity holder, LSF5 Wagon Holdings LLC, plans to offer another 2.7 million shares of common stock in Del Frisco's in the initial public offering. Del Frisco's will not realize any proceeds from the sale of shares by the selling stockholder.

In all, and if the underwriters exercise their over-allotment option, some 8 million shares of common stock will be offered, which at the high end of the estimated range, would allow for a maximum

aggregate offering of \$128.8 million.

The filing with the SEC explains that Del Frisco's Restaurant Group LLC, the registrant, is a Delaware limited liability company. Immediately prior to the effectiveness of the registration statement, Del Frisco's Restaurant Group LLC will be converted into a Delaware corporation and renamed Del Frisco's Restaurant Group Inc. Shares of the common stock of Del Frisco's Restaurant Group Inc are being offered by the prospectus.

Upon completion of the offering, Del Frisco's Restaurant Group's common stock will trade on Nasdaq under the symbol of "DFRG."

Del Frisco's estimates its own net proceeds from the offering will be about \$57.2 million, based on the midpoint of the estimated initial public offering price range and after deducting underwriting discounts and commissions and estimated offering expenses. The company said it intends to use the net proceeds from the offering to pay off \$50 million in outstanding borrowings under its credit facility and to make a \$3 million one-time payment to Lone Star Fund, an affiliate of its controlling stockholder, in consideration for the termination of an asset advisory agreement upon consummation of the offering. The remainder of the net proceeds will be used to fund working capital and for other general corporate purposes.

Del Frisco's Restaurant Group develops, owns and operates three high-end steakhouse restaurant concepts under the names of Del Frisco's Double Eagle Steak House, or Del Frisco's, Sullivan's Steakhouse, or Sullivan's, and Del Frisco's Grille, or the Grille.. The entity currently operates 32 restaurants in 18 states. Each of the three restaurant concepts offers steaks as well as other menu selections, such as chops and fresh seafood.

Del Frisco's Restaurant Group said it generated revenues of \$201.6 million for the fiscal year ended December 27, 2011, representing 21.8% total sales growth and 11.2% comparable restaurant sales growth over fiscal 2010.

The business recorded net income of \$9 million and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) of \$36.8 million for fiscal 2011, representing 2.8% net income growth and 22.5% adjusted EBITDA growth over 2010. According to Del Frisco's, its 2011 operating income and adjusted EBITDA margins were 11% and 18.2%, respectively.

Del Frisco's conveyed that for the 12 weeks ended March 20, it generated revenues of \$53.7 million, representing 23.8% total sales growth and 6.7% comparable restaurant sales growth over the 12 weeks ended March 22, 2011. The entity recorded net income of \$5 million and adjusted EBITDA of \$10.9 million for the 12-week period ended March 20, which it said represented 81.8% net income growth and 37.9% adjusted EBITDA growth over the 12 weeks ended March 22, 2011. The company stated its operating income and adjusted EBITDA margins for the 12 weeks ended March 20 were 15.6% and 20.3%, respectively.

Del Frisco's estimates revenues for the 12 weeks ended June 12 were between \$51.1 million and \$51.3 million, representing an increase of between \$7.6 million and \$7.8 million, or 17.5% and 17.9%, from revenues of \$43.5 million for the 12 weeks ended June 14, 2011. Net income for the period is estimated to be between \$3.1 million and \$3.5 million, representing an increase of between \$2.1 million and \$2.5 million, or 210% and 250%, from net income of \$1 million for the 12 weeks ended June 14, 2011.

The restaurant business said the increase in revenues was

primarily due to an additional 32 restaurant operating weeks related to the opening of one Del Frisco's and two Grille locations during 2011, as well as an increase of 4% in total comparable restaurant sales. Comparable restaurant sales increased 7.3% at Del Frisco's restaurants, following an increase of 13.2% for the prior year fiscal quarter ended June 14, 2011, and comparable restaurant sales increased .3% at Sullivan's restaurants, following an increase of 11.2% for the prior year fiscal quarter ended June 14, 2011.

Del Frisco's attributes the rise in net income to higher revenues and an improved operating income margin driven by favorable year-over-year restaurant operating expenses as a percentage of revenue, lower management fees paid to a related party and lower general and administrative expenses.

Del Frisco's Restaurant Group filed a similar registration statement with the SEC in October, 2007 outlining plans for an initial public offering of up to \$100 million, but withdrew the registration statement in December, 2008, citing then-current public market conditions.

Del Frisco's Double Eagle Steak House and Sullivan's Steakhouse had been part of Lone Star Steakhouse & Saloon Inc when it was acquired by unrelated Lone Star Funds in December, 2006, but split off from Lone Star Steakhouse at the time of the Lone Star Funds buyout, forming Del Frisco's Restaurant Group LLC.

Lone Star Fund acquired Lone Star Steakhouse & Saloon Inc, which owned the Del Frisco's and Sullivan's concepts, among others, with stockholders of Lone Star Steakhouse & Saloon receiving \$27.35 per share based on the then outstanding number of shares of common stock of Lone Star Steakhouse & Saloon. The acquisition was structured in two steps. In the first step, Lone Star Steakhouse & Saloon sold the capital stock of certain of its subsidiaries that operated the Texas Land & Cattle and Lone Star Steakhouse & Saloon restaurant concepts to affiliate companies of Lone Star Fund. In the second step, Lone Star Steakhouse & Saloon was merged with an acquisition entity and, as a result, became wholly owned by Lone Star Fund.

Lone Star Funds paid a total of \$629 million for Lone Star Steakhouse after pressure from a hedge fund forced it to increase its offer from \$27.10 per share to \$27.35 per share. (#814246)

## FLASH REPORT

**America West Brokerage & Trading Co., Inc. -- Commerce City, CO** -- As the result of working to collect a \$17,082 debt from **America West Brokerage & Trading Co., Inc.**, SEAFAX learned the entity ceased operations in May, 2011, but verified that **William N. Rees Jr.**, the debtor's president, is now involved with a company conducting business from **Golden, CO** named **American West Inc.**

A search of corporate records shows that **American West Inc** incorporated in Colorado in May, 2011. Additionally, the phone number previously belonging to **America West Brokerage & Trading Co., Inc** is now used by **American West Inc.** Rees acknowledged to SEAFAX he is a stockholder of **American West Inc.**

**Rees** contends **American West Inc** is not in the trading or brokering business.

SEAFAX did obtain credit references earlier this year while updating references on **America West Brokerage & Trading Co., Inc.**, which would appear to show the entity was operating in late 2011-early 2012 and some 10 months after its reported closure. It is unclear at present if those vendors were selling **America West Brokerage & Trading Co., Inc** or the newer entity, **American West Inc.**

In a brief conversation with SEAFAX this week, **Rees** conveyed **America West Brokerage & Trading Co., Inc** ceased operations as the result of his personal health issues at the time and as it sustained heavy losses.

**Rees** also filed a personal Chapter 7 bankruptcy petition May 15, 2012, listing assets of \$364,770 and liabilities of \$987,396, including general unsecured non-priority claims of \$485,509. He advised SEAFAX this week that the personal bankruptcy petition was related to the cessation of operations at **America West Brokerage & Trading Co., Inc** a year earlier. The petition cites **America West Brokerage & Trading Co., Inc** as a name used by the debtor.

The corporate entity did not seek bankruptcy.

The \$17,082 debt dates back to January, 2011. The creditor filed a civil lawsuit in March, 2011 to recover the money it was owed. **America West Brokerage & Trading Co., Inc** failed to make an appearance in the case after initially consenting to the jurisdiction and a judgment was entered in the total sum of \$17,082 in January, 2012 by the Los Angeles County Superior Court. When the judgment was not paid, the creditor retained SEAFAX to pursue payment of the judgment.

**Rees** expressed to SEAFAX this week that he has no comment on the matter since the debtor company ceased operation over a year ago and he indicated some doubt as to the legal venue and the debt's validity, despite the creditor obtaining a legal judgment.

Curiously, although **America West Brokerage & Trading Co., Inc.**, per **Rees**, ceased operations in May, 2011, the corporation is still active and paperwork was filed with the state as recently as last December.  
(#607844)

**Awrey Bakeries LLC -- Livonia, MI** -- A supplier placed **Awrey Bakeries LLC**, which conducts business as **Awrey's**, for collection with SEAFAX in the amount of \$5,798, representing unpaid invoices dating back to March.

**Greg Gallagher**, chief financial officer of **Awrey Bakeries LLC**, acknowledged the validity of the debt upon placement, but stated an immediate payment cannot be issued. According to **Gallagher**, the debtor hired a consulting firm and is in the process of determining what suppliers will receive payment on an ongoing basis.

Additional messages left by SEAFAX for **Gallagher** to further discuss payment of the debt have all been ignored.

**Robert Wallace** is the president of **Awrey Bakeries LLC**. **Wallace** has not communicated with SEAFAX about the debt.

**Hilco Equity Management LLC** and **Monomoy Capital Partners** established **Awrey Bakeries LLC** in 2005 to purchase the assets

of **Awrey Bakeries Inc.** Prior to the acquisition, **Awrey Bakeries Inc** had filed a Chapter 11 bankruptcy petition.

**Hilco Equity Management LLC** is the 60% owner of **Awrey Bakeries LLC** and **Monomoy Capital Partners** is the debtor's remaining 40% owner.  
(#823638)

**Sandhill Cranberry, LLC -- Vesper, WI** -- Despite nearly four months of collection efforts, **Dan Wandler**, member and owner of **Sandhill Cranberry LLC**, refuses to issue payment toward a \$69,793 debt placed for collection against the entity.

The debt represents unpaid invoices dating back to last September.

**Wandler** explained to SEAFAX that he is currently seeking an investor group to infuse cash into **Sandhill Cranberry LLC** and stated he cannot commit to a time frame in which payment will be tendered.

SEAFAX located an \$8,530 judgment entered against **Sandhill Cranberry LLC** in May, 2011. The creditor awarded the judgment confirmed with SEAFAX that the debtor continues to avoid any payment toward that debt.

Established in 2008 by **Wandler**, Wisconsin records state **Sandhill Cranberry LLC** was administratively dissolved in September, 2011.  
(#851025)

**Trinacria Group LLC -- New York, NY** -- **Massimiliano "Max" DeMoja**, manager and 5% owner of **Trinacria Group LLC**, which conducted business as **Granduca Restaurant**, told SEAFAX that the business closed two months ago and it cannot tender payment toward a \$1,819 debt placed for collection against it.

The debt results from unpaid invoices dating back to May.

According to **DeMoja**, **Trinacria Group LLC** dba **Granduca Restaurant** owes debts to other creditors as well, but **DeMoja** declined to provide SEAFAX with the exact amount of trade debt the business still owes.

**DeMoja** said that payments toward **Trinacria Group LLC's** debts will not be tendered until September because the company's attorney has all the information and will be resolving the matter after he returns from vacation towards the end of August.

According to **DeMoja**, **Trinacria Group LLC** dba **Granduca Restaurant** does not intend to seek bankruptcy.

**Ettore Manuli**, the debtor's member and 95% owner, is currently in **Sicily** and will not be returning until November, **DeMoja** said.

New York records state **Trinacria Group LLC** was established in 2011.

In addition to three international restaurants, **Manuli** also owns another restaurant in **New York, NY** named **Granduca di Sicilia**. Despite the similar name and owner, **DeMoja** said **Granduca Restaurant** is not a part of the same restaurant group as the other restaurants still in operation.  
(#848328)

**Western International Food Co. -- Bonita, CA --**

SEAFAX learned that **Western International Food Co** is actively sourcing for product from seafood suppliers.

**J. Arturo Aguilar** is the president of **Western International Food Co. Aguilar** was previously the president and sole shareholder of **Chula Vista, CA-based Seaquest Int'l Seafood & Provisions Inc.**, which conducted business as **Seaquest International Seafood**. That entity ceased operations with trade debt outstanding in March of 2010.

Prior to ceasing business operations, **Seaquest Int'l Seafood & Provisions Inc** dba **Seaquest International Seafood** had a history of trade payment slowness and collection activity with its suppliers.

Between 2009 and 2010, three separate suppliers placed **Seaquest Int'l Seafood & Provisions Inc** dba **Seaquest International Seafood** for collection with SEAFAX in an amount totaling \$12,697.

In 2010, two creditors placed debts for collection against **Seaquest Int'l Seafood & Provisions Inc** dba **Seaquest International Seafood** aggregating \$12,347. One supplier, owed \$2,325, received only \$50 toward its claim and ended up placing the remaining balance of the debt with its credit insurance creditor. The debtor failed to tender a single payment against the second debt placed for collection in 2010 totaling \$10,022.

SEAFAX's attempts to speak with **Aguilar** this month regarding the operations of **Western International Food Co** have been fruitless as all messages left to his attention have been ignored.

California records does not list any corporations established under the name **Western International Food Co.**

SEAFAX found that a satellite view of the business address provided by **Western International Food Co** is an unknown personal residence and discovered the location is for sale with a local real estate company.  
(#848839)

**INDUSTRY NOTES**

**Hygrade Ocean Products, Inc. -- New Bedford, MA --** Hygrade Ocean Products Inc announced that Roger Riggs joined the company as its chief operating officer effective July 1 -- Prior to joining Hygrade Ocean Products, Riggs told SEAFAX he spent 12 years with Icelandic USA Inc, most recently serving as that company's director of commodity sales -- Riggs reports he has over 20 years of experience in the seafood industry  
(#20784)

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