



# FIRST NEWS

Your daily food industry update

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

## COLLECTIONS PLACED

Lawrence Foods, Inc. -- Elk Grove Village, IL (#41279) -- \$3,768 -- Settled

New Meatco Provisions, LLC dba King Seafood -- Los Angeles, CA (#842483) -- \$23,893

West Coast Lamb Meat Company dba Victor Distributors -- Lakewood, CA (#801807) -- \$6,261

## RATING CHANGES

Bailey Fish & Seafood, Inc. -- Buffalo, NY (#688404) 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 P=Pending**

## SPECIAL UPDATE

**Belgrade Meat Center, Inc. -- Belgrade, MN --** The Minnesota Department of Agriculture issued an alert April 3 advising consumers to avoid consuming smoked pork and beef pepper sticks produced by Belgrade Meat Center Inc after routine product sampling discovered the products to be contaminated with *Listeria monocytogenes* bacteria -- The state agency said Belgrade Meat Center sold approximately 20 pounds of the pork and beef pepper sticks at its retail store in Belgrade, MN and around 280 pounds of the product was distributed under the "Pastures A Plenty" label to establishments throughout Minnesota -- The agency added that the contamination was first detected in a product sample collected during a routine inspection and investigators are now working to determine the source of contamination, but conveyed there are no reports of illnesses associated with the consumption of the affected products -- Belgrade Meat Center operates as a beef and hog slaughterer and processor, a venison and wild game processor and a meat smoker -- In addition, Belgrade Meat Center offers meat and seafood sales from its retail location (#859333)

**CTI Foods Holding Co., LLC -- Wilder, ID --** According to a report from Bloomberg, CTI Foods Holding Co., LLC's controlling owner, Greenwich, CT-based private equity firm Littlejohn & Co, is exploring a sale of the prepared foods company -- Citing two unnamed persons "familiar with the matter," Bloomberg said a deal could fetch about \$500 million -- Bloomberg also conveyed that Littlejohn & Co is working with Morgan Stanley on the potential sale -- SEAFAX was not able Friday to obtain a response to a query about any potential deal -- CTI Foods characterizes itself as a "culinary-driven company that offers a diverse range of custom food solutions to the foodservice industry," including raw and pre-cooked protein, soups and sauces and dehydrated beans -- The business, through its subsidiaries, operates seven processing facilities and employs over 1,000 people at its Idaho, California, Kentucky, Pennsylvania and Texas locations (#853515)

**Doheny Wholesale Meats, Inc. dba Doheny Kosher Meat -- Los Angeles, CA --** JewishJournal.com said April 3 that Mike Engelman, president and sole stockholder of Doheny Wholesale Meats Inc, also known as Doheny Glatt Kosher Meat Market, sold the company's assets, including its retail location, to a local businessman named Shlomo Rechnitz on March

31 -- The asset sale comes less than a week after the Rabbinical Council of California (RCC) pulled the kosher certification of Doheny Wholesale Meats upon seeing a video that showed company employees repacking meat boxes marked as kosher with U.S. Department of Agriculture (USDA) products that were not kosher -- When contacted by SEAFAX on March 25, Engelman stated "no comment" when questioned about the RCC pulling Doheny Wholesale Meats' kosher certification -- Engelman also declined at the time to confirm if Doheny Wholesale Meats was still operating -- Calls placed by SEAFAX to the primary business number for the kosher meat market rang without answer Friday, April 5 -- According to an April 3 article in the Los Angeles Times newspaper, the USDA's Food Safety Inspection Service (FSIS) launched an investigation into Engelman and Doheny Wholesale Meats after receiving a copy of the videotape -- The Los Angeles Times said the FSIS declined to provide details because its investigation is ongoing (#821439)

**Little Mermaid Smoke House -- North Hollywood, CA --** The U.S. Food and Drug Administration (FDA) said April 4 that Little Mermaid Smoke House is recalling smoked herring and pickled herring fish because the products were found to be unviscerated and have the potential to be contaminated with *Clostridium botulinum*, a bacterium which can cause life-threatening illness or death -- The FDA conveyed the products subject to the recall include Little Mermaid smoked herring fish and Little Mermaid pickled herring fish sold prior to April 4 -- According to the FDA, the recalled products are manufactured by Little Mermaid Smoke House and distributed in the state of California -- The affected products are sold as whole fish, packaged in vacuum sealed packaging and labeled "Little Mermaid Smoke House" in varying weights and sizes -- There are no codes listed on the products -- The FDA stated no illnesses have been reported to date (#859329)

## NEWS DIGEST

**JBS USA, LLC -- Greeley, CO --** JBS USA closing Monday on XL Foods deal

JBS USA LLC announced April 4 it intends to complete the acquisition of certain United States-based operations of XL Foods Inc on April 8.

JBS USA conveyed that under no scenario will it assume any of XL Foods' debts or liabilities.

The company said that upon closing, it will assume ownership of several XL Foods properties in the United States, including two beefpacking plants, one located in Omaha, NE and the other in Nampa, ID. According to JBS USA, the acquired facilities each have the capacity to process 1,100 head of cattle per day. However, JBS USA stated the beef processing plant located in Nampa is currently idle and the company has no immediate plans to re-open the facility.

The closing of the United States transaction will complete the agreement between JBS USA and XL Foods, originally, disclosed last October.

XL Foods revealed last October that it entered into a management agreement with a Canadian subsidiary of JBS USA. Under the agreement, JBS USA's Canadian subsidiary assumed

management of certain XL Foods' beefpacking operations in Brooks, AB and at the company's Calgary, AB beef plant.

JBS USA said the management agreement further permitted an exclusive purchase option of those operations and of the U.S. operations of XL Foods.

Upon exercising the exclusive option to purchase XL Foods' U.S. and Canadian assets, JBS USA said it agreed it will pay a total of \$100 million, half of which would be in company shares and half in cash.

The agreement between the two companies was entered into a month after XL Foods issued a voluntary recall of certain of its ground beef products due to E. coli contamination. The recall was expanded multiple times to include approximately 2,000 products totaling millions of pounds.

As a result of the recall, the Canadian Food Safety Inspection Agency (CFIA) suspended the operating license of the company's Brooks, AB facility, but lifted the suspension in late October following a thorough assessment of food safety controls at XL Foods.

In mid-January, JBS USA completed the acquisition of XL Foods' beefpacking plants located in Brooks, AB and Calgary, AB, as well as a feedlot in Brooks and the adjacent farmland acreage supporting the feedlot operation.

JBS USA, an indirect, wholly owned subsidiary of Brazil-based JBS SA, is a processor of beef, pork and lamb in the U.S., a processor of beef in Canada and processor of beef and lamb in Australia. JBS USA processes, prepares, packages and delivers fresh, further processed and value-added beef and pork products for sale to customers in more than 60 countries on five continents.

JBS USA is also a majority shareholder of Pilgrim's Pride Corporation, the second largest poultry company in the United States. In the United States, Canada, Mexico and Puerto Rico, JBS USA and Pilgrim's Pride conduct operations through 10 beef processing plants, three pork processing plants, 31 poultry processing plants, 32 poultry hatcheries, one lamb processing plant, one hide tannery and 12 feedlot operations. In Australia, JBS operates 15 beef and small-animal processing plants, seven feedlots, one hide tannery and seven distribution centers. (#64754)

## FLASH REPORT

**New Meatco Provisions, LLC -- Los Angeles, CA** -- An employee within sales at **New Meatco Provisions LLC** told SEAFAX Friday afternoon that remaining employees were asked to leave and were escorted off the property once they received paperwork to assist them in filing for benefits.

According to the employee, Wells Fargo Bank took over operational control of the business late April 4. The employee had no other information and SEAFAX's calls to **Morad "Mike" Harouni**, president and 20% shareholder of **New Meatco Provisions LLC**, had not been returned as of Friday afternoon.

The phones to **New Meatco Provisions LLC** were answered all day Friday by a voice mail system and SEAFAX was not able to reach a live person through the company phone system.

SEAFAX verified April 3 that an affiliate of **National City, CA**-based **Harvest Meat Company Inc** made an offer to purchase some or all of the assets of **New Meatco Provisions LLC**. SEAFAX also learned mid-week that discussions between the parties involved were ongoing, but no deal had been finalized as of Wednesday.

SEAFAX has not been able to obtain an updated status on those discussions.

Various sources also conveyed that **New Meatco Provisions LLC** was preparing to file a petition for Chapter 11 bankruptcy. Those same sources indicated a petition was imminent, but as of Sunday, a petition under **New Meatco Provisions LLC** did not appear on the docket for the U.S. Bankruptcy Court for the Central District of California or within the federal bankruptcy court system.

SEAFAX continues to monitor the court system for this information.

The business was still doing some buying as of mid-week SEAFAX learned, but those deals appeared to be mainly with entities with which it may have some off-sets.

**Harouni** acknowledged early in the week during a brief conversation that the company's funding situation with Wells Fargo Bank was very tight.

Despite repeated efforts to obtain written authorization for the release of a reference on accounts with Wells Fargo Bank, including on an alleged \$22 million line of credit, **New Meatco Provisions LLC** has not provided the necessary documents and Wells Fargo will not release information to SEAFAX without that authorization.

In addition to Wells Fargo debts, secured by a first lien on assets, **New Meatco Provisions LLC** also owes second lien secured debt.

SEAFAX continues to investigate and will release more information as learned and verified. (#842483)

**Smallman Market, LLC -- Pittsburgh, PA** -- **Smallman Market LLC**, which operated a seafood market known as **Benkovitz Seafoods, Benkovitz Fish Market** and **Benkovitz Seafood Market**, filed a petition for Chapter 7 bankruptcy April 4 in the U.S. Bankruptcy Court for the Western District of Pennsylvania under Case #13-21431.

Although the debtor did not present its schedules of assets, it did file information concerning its liabilities.

The debtor lists no outstanding secured debt, but the schedules show it owes unsecured priority debt of \$32,425 and unsecured non-priority liabilities totaling \$532,642, which includes \$43,000 owed to **Pittsburgh Seafood Company** for the purchase of food inventory between 2012 and 2013. The schedules also declare that **Steve Benyo**, who signed **Smallman Market LLC's** Chapter 7 petition as an authorized individual, is owed \$377,587 for business loans in 2008, 2009, 2010, 2011, 2012 and 2013 that the entity used for operating expenses, payroll, inventory purchases and advertising. The \$377,587 is the large claim listed on the debtor's schedule F.

On a general basis, the debtor estimates its assets total between \$100,001 and \$500,000.

The bankruptcy court directed **Smallman Market LLC** to submit its full schedules of assets and liabilities and statement of financial affairs by April 18.

**Steve Benyo** did not state his affiliation with the debtor company in the signature line for the petition.

SEAFAX's records show **Stephen Benyo** as the former president and sole stockholder of **Pittsburgh Sea Foods Inc.**, which was acquired in September, 2011 by **PSF Acquisition Company LLC**. After the sale, **Benyo** acted as a consultant for **PSF Acquisition Company LLC**, which conducts business as **Pittsburgh Sea Foods**, for an undisclosed period of time.

Although SEAFAX sent email correspondence to **Benyo** Friday in an effort to learn what his relationship with **Smallman Market LLC** entailed, an answer was not immediately received. In addition, correspondence from SEAFAX to the attorney handling **Smallman Market LLC's** bankruptcy proceedings went unanswered Friday.

**Smallman Market LLC** ceased operations in early March and declined to respond to local media's requests for information on the sudden closure of the seafood market.

A message left by SEAFAX in March at the primary business number of **Smallman Market LLC** in an effort to learn more about the abrupt closure remains unanswered.

SEAFAX confirmed last month that United Food and Commercial Workers Local 23 and Employers Health Fund filed a complaint against **Smallman Market LLC** this past January seeking recovery of funds owed by the retail operator. According to the complaint, **Smallman Market LLC** failed to timely submit contributions and reports for workers employed by the company who are participants in the fund in breach of a collective bargaining agreement and the fund's trust agreement, while also in violation of the Employee Retirement Income Security Act. The complaint states **Smallman Market LLC** owes the fund \$8,650 in contributions through December 31, 2012, liquidated damages in the amount of \$432 and interest totaling \$38.

**Smallman Market LLC** had not responded to the fund's complaint as of April 5.

**Benkovitz Seafoods** was established in 1914 by the **Benkovitz** family as a retail fish establishment. **Benkovitz Seafoods** primarily catered to retail consumers, but some local restaurants also purchased seafood goods from the market on a cash-and-carry basis.

The **Benkovitz** and **McSorley** families, which established **Nordic Holdings LP** to operate the **Benkovitz Seafoods** market, sold the assets of the company to **Smallman Market LLC** in 2007. The assets included in the purchase were the lease for the site from which the market operated, equipment and the **Benkovitz Seafoods** name.  
(#807077)

## BANKRUPTCY NEWS UPDATE

**Pescanova, S.A. -- Redondela, Spain** -- *Pescanova unable to reach agreement with creditors*

Pescanova SA revealed April 4 that it agreed to voluntarily request

of the Competent Commercial Court the declaration of bankruptcy for the company after finding it impossible to achieve, in the short term, an agreement with its creditors.

Pescanova said that it is fully committed to introduce, in the course of the bankruptcy procedure, a proposed agreement with creditors to ensure the rights and interests of employees, creditors and shareholders are safeguarded and the ongoing management of the company.

Pescanova also conveyed its board of directors revoked the appointment of BDO Auditors SL as auditors to verify the company's individual financial statements for 2012, but agreed to immediately hire a forensic auditor, chosen from major accounting firms, to review the 2012 financial statements.

Pescanova filed an application for voluntary insolvency on March 1, one day after Manuel Fernandez de Sousa Faro, the president and 14.5% stockholder of the company, issued a communication stating the company's board would not present its 2012 financial statements until it was certain of the sale of certain assets of its salmon farming business or the renegotiation of its debt through the start of bankruptcy procedures.

On March 11, Spain's stock market regulator opened an investigation into Pescanova due to possible market abuse. The next day, the company issued a statement to the stock exchange advising that its auditor found discrepancies between its accounts and bank debt figures. Pescanova conveyed that the discrepancies could be significant and that it was in the process of revision and consolidation.

On March 19, a steering committee representing over 40 banks, directed Pescanova to present its full 2012 financial statement and a complete map of the company's plan to restructure its debts, which could include a sale of assets or the liquidation of certain subsidiaries, by April 5.

The steering committee, which includes representatives of Banco Sabadell, Banco Popular, Bankia, NCG Bank, RBS and Deutsche Bank, also proposed during the March 19 meeting that Pescanova hire a financial advisor and legal counsel.

Pescanova previously reported having consolidated debt of EUR 967.8 million, or \$1.25 billion, as of June 30, 2012, however, Bloomberg said April 5 that a person familiar with the matter said the debt rose to approximately EUR 2.7 billion, or \$3.49 billion, as of December 31, 2012.

Juan Garcia, director of finance for Miami, FL-based Pescanova Inc, conducting business as Pescanova USA and which is a wholly owned subsidiary of Pescanova SA, told SEAFAX March 1 that the company did not expect its U.S. operations to be impacted by the parent company's insolvency filing and added it is business as usual for Pescanova USA.

SEAFAX reached out to Pescanova USA's general counsel Friday, April 5 to discuss the parent company's April 4 bankruptcy announcement, but has not yet received a response.  
(#50511)

## INDUSTRY NOTES

**George's, Inc. -- Springdale, AR** -- George's Inc announced it appointed Carl George and Charles George to the roles of co-chief executive officers

and co-presidents effective April 5 -- Gary George, the company's former president and chief executive officer, will remain with George's Inc as chairman of the board -- Carl and Charles George began working at George's Inc in 1997 and joined the company's executive team in 2006, before being named as senior vice presidents in 2009  
(#19803)

## INDUSTRY ANNOUNCEMENTS

*A classified section containing paid advertisements*

Bama Sea Products, Inc. (St. Petersburg, FL), a major U.S. processor and wholesaler of wild-caught domestic shrimp and a variety of value-added products, and direct importer and distributor of South American and Asian seafood products, announced the successful completion of SQF Level 2/GFSI certification. Bama has obtained this certification for all products and processing lines at their state-of-the-art 90,000 sq. ft. facility, receiving a rating of 95 out of 100.

Bama takes great pride in quality control, and Bama's Quality Control Department works with the entire Bama team to produce safe, wholesome, premium-quality products. With Full Time USDC inspectors on-site Bama has been packing 90% of its products to Grade A-equivalent standards for over 10 years. The completion of this audit underscores the penchant for quality which Bama is known for. The company looks forward to continual improvements in food technology and safety.

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