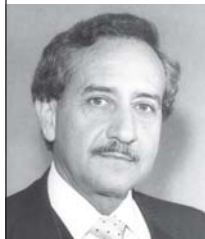


MEAT ^{AND} POULTRY

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The President's Message



By John Calcagno
Institute President

Topps Record Recall

The news regarding Topps Meats and the ramifications from a record recall are still sending shockwaves through the industry.

As you can see from our lead article, Topps has decided to liquidate. This is a sad day for the industry because there are still many questions about the original recall, especially the size and scope of the recall.

I am looking into this situation and it is still too early to make a final judgment, but there are some facts that are disturbing.

The size of the recall seems unprecedented. Some people at USDA were surprised that the recall included a year's supply of product and extended coast-to-coast. That needs to be looked into.

Typically, recalls are limited to specific batches of product and are extended only when clear evidence indicates further involvement.

"It is hard to believe that the size of the Topps recall was warranted."

As I already indicated, however, it is too early to make a judgment. I will keep you informed on developments as they arise.

Topps Meat Files for Liquidation

The Topps Meat Co., which issued the nation's second-largest beef recall ever, has filed papers to liquidate the company. Elizabeth-based Topps was one of the largest makers of frozen hamburgers before potentially fatal bacteria were found in its patties, compelling it to halt production and issue the recall Sept. 29.

Six days later, Topps said it was closing its business after being forced to issue the recall of 21.7 million pounds of frozen hamburger, which is one year's worth of production.

Topps has up to 10,000 creditors and liabilities of \$1 million to \$100 million, according to its Chapter 7 filing in U.S. Bankruptcy Court in Newark.

Topps listed about 5,400 creditors in the petition, but gave no amounts that each was owed. Nearly all appeared to be individuals who sought refunds for boxes of frozen hamburgers. The creditors included at least one of the families who have sued Topps when

members became ill after eating hamburgers.

Among those listed as creditors were Tyson Foods Inc. of Chicago and the U.S. Department of Agriculture's Food Safety and Inspection Service, the agency investigating the source of the E. coli contamination.

Another creditor appears to be Topps Executive Vice President Anthony L. D'Urso, a member of the family that ran Topps for about 60 years until a controlling interest was purchased in 2003 by Strategic Investments & Holdings, a private-equity firm based in Buffalo, N.Y.

Strategic Investments was also named as a creditor, as were stores that sold Topps products, including Wal-Mart Stores Inc., ShopRite and Pathmark supermarkets, and Rastelli Fine Foods Ltd.

Calls seeking comment Friday from

(Continued on Page 3)

Another Beef Recall

November 26, 2007 - American Foods Group LLC of Green Bay is voluntarily recalling approximately 95,927 pounds of various coarse and fine ground beef products because they may be contaminated with E. coli O157:H7, the U.S. Department of Agriculture's Food Safety and Inspection Service announced November 25.

The ground beef products subject to recall were produced on Oct. 10 and were distributed to retail establishments and distributors in Indiana, Kentucky, Maryland, Ohio, Tennessee, Wisconsin and Virginia.

E. coli O157:H7 is a potentially deadly bacterium that can cause bloody diarrhea and dehydration. The very young, seniors and persons with

compromised immune systems are the most susceptible to foodborne illness. The problem was discovered through an investigation into two illnesses that was initiated by the Illinois Department of Public Health. Anyone concerned about an illness should contact a physician.

The products subject to recall were distributed for further processing and repackaging and will not bear the recalling firm's establishment number. As the use-by date for products subject to this recall may have expired, consumers can contact their retailers to ask if they received any of these products, if so, consumers are urged to look in their freezers for these products and return or discard them if found.

Ag Weekly Says Outdated Meat Law Needs To Go

The push is on for Congress to abandon an outdated harmful ban on shipping state-inspected meat and poultry products across state lines. The punitive law came about in the 1960s when the federal government set up a system to bring state inspections in line with federal regulations.

But the law which says that state inspection must be "equal to" federal standards ironically prohibited interstate shipping of those equally inspected products.

The senseless ban is certainly discriminatory as no other state-inspected food products or their producers are under such limitations, not even meats such as wild game and fowl, rabbit and

bison.

The cattle and poultry industries have been fighting the ban for two decades, and seem to have a decent shot at getting the issue remedied.

But of course, there are opponents.

In this case, the most vocal opponent is the Consumer Federation of America that such a move would dismantle the federal inspection system and jeopardize food safety. They seem to disregard the fact that state-inspected programs where other food products are concerned have had no such effects.

The organization also claims 80 percent of federally inspected plants would be free to switch to state-inspected

programs. Perhaps that's true, but we don't see the status quo changing much in that regard. Those programs and partnerships are already in place. We see this more as an opportunity for new processing and for smaller processors to broaden their market.

CFA says the provision to lift the shipping ban would disallow states to impose additional or higher food-safety standards. But many states and processing facilities already operate under more or higher standards than the federal regulations. And where's the logic if 1., state standards must be equal to federal standards and 2., opponents seem to think

(Continued on Page 4)

Topps Meat Bankruptcy

(Continued from Page 1)

D'Urso and Strategic Investments were not immediately returned, nor did Topps bankruptcy lawyer Warren A. Usatine immediately call back.

A lawyer who represents some families that have sued Topps, William D. Marler, said Topps lawyers have told him the company has \$12 million in insurance to cover the claims of E. coli victims.

Topps recalled the meat after some was found contaminated with E. coli O157:H7, a potentially fatal bacteria. To date, 40 people in eight states have been sickened after eating Topps beef, according to the Centers for Disease Control.



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Credit Briefs

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G.A.M. Meats, Inc., Rochester, NY

Armand Miale, the shareholder of defunct Rochester, NY-based G.A.M. Meats Inc, formerly conducting business as Skip's Meat Market, filed an individual Chapter 7 bankruptcy petition October 26 in the U.S. Bankruptcy Court for the Western District of New York under Case #07-22695. Miale lists assets of \$65,730, secured debt of \$41,393 and general unsecured liabilities totaling \$214,274. The unsecured debt amount includes trade liabilities associated with G.A.M. Meats Inc. Miale's petition shows just over \$19,000 of his assets as exempt and the petition indicates unsecured creditors will not receive any distribution toward their debts.

According to a notice posted on G.A.M. Meats Inc's web site, the entity ceased operations September 20.

The company's bankruptcy attorney told SEAFAX a corporate bankruptcy filing for G.A.M. Meats Inc is not planned.

B & M Meat Market and European Products, Inc., New York, NY

B & M Meat Market and European Products Inc filed a

Chapter 7 bankruptcy petition in the U.S. Bankruptcy Court for the Southern District of New York on October 22 under Case #13313.

The entity listed \$1,000 worth of assets, comprised of personal property.

The debtor conveyed its liabilities total \$48,886, of which \$24,150 is owed to the entity's landlord. Another \$10,036 in unsecured debt is owed to Washington Mutual Bank.

B & B Best-Buy Foods, Inc., Kearny, NJ

B & B Best-Buy Foods Inc filed a Chapter 7 bankruptcy petition on October 9 with the U.S. Bankruptcy Court for the District of New Jersey under Case #07-24632. The matter was filed as a no-asset case. The debtor's schedules, filed with the petition, list assets worth an estimated \$124,284 and liabilities totaling just short of \$4.05 million. Some \$3.5 million in liabilities consists of general unsecured debt and \$541,236 is comprised of secured debt.

However, Angelo Baldassare, chief executive, president and 100% shareholder of B & B Best-Buy Foods Inc, is listed as being owed \$1.86 million for a loan and a Linda Baldassare is named as being owed

\$125,000 for a loan to the business. According to the statement of financial affairs, B & B Best-Buy Foods Inc estimates its loss for the fiscal 2007 up to the petition date as totaling \$1.17 million. The company states it lost \$1.09 million in fiscal 2006 and for fiscal 2005 lost \$1.4 million.

Angelo Baldassare claimed to SEAFAX a few different times that he was attempting to sell the business to one distributor or another and ultimately hoped to have sufficient funds to cover liabilities.

Topps Meat Company LLC, Elizabeth, NJ

USDA identifies likely source of E. coli for Topps Meat. A joint investigation between the Canadian Food Inspection Agency (CFIA) and the U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) identified a likely source of the multi-state outbreak of E. coli infections linked to product manufactured and sold by Topps Meat Company LLC.

According to the agencies, on October 25, the CFIA provided FSIS with "PFGE patterns," or DNA fingerprints, from tests of beef trim from a Canadian firm named Ranchers Beef Ltd. That company provided trim to

Topps Meat Company. Although Balzac, Alberta-based Ranchers Beef actually ceased operations on August 15, some product remained in storage and was collected and tested by the CFIA as part of the joint investigation of the Topps recall and as part of the CFIA's own probe into 45 illnesses in Canada from E. coli.

Accordingly, this information, shared with the FSIS, helped the U.S. agency to determine a likely source of contaminated product which led to the September 29 Topps Meat Company expanded recall.

PulseNet, the Centers for Disease Control and Prevention's (CDC) searchable database of all PFGE patterns from patients and food products in the U.S., provided verification to the FSIS that the PFGE pattern from Ranchers Beef matched those from patients who were ill and from positive tests conducted by the New York Department of Health on the product, which included both intact packages and open packages from patients' home that was later recalled by Topps Meat on September 29.

As of October 26, the CDC said it has 40 illnesses

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Credit Briefs

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under investigation in eight states, with 21 known hospitalizations. The latest onset of illness was September 24. The meat processor and distributor stated in a release that it made the decision to close its doors October 5 due to "the economic impact of the second largest beef recall in U.S. history involving more than 21.7 million pounds of ground beef products."

Outdated Meat

Laws

(Continued from Previous Page)

federal standards are dandy.

CFA's final argument is the inability of states to implement recalls and that the issue of recall would be better off in the hands of federal inspections. This couldn't be further from reality. The USDA has no authority to recall adulterated meat or poultry; it can only cooperate with a processor who voluntarily decides on a recall. States, however, do have the authority to issue a recall of contaminated product.

CFA's arguments just don't hold up, and we hope Congress sees that and ends a senseless ban that has limited and harmed meat and poultry producers for more than 40 years.



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