

Canadian Co. Faces Appeal over Sunland's Salmonella Plant

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ALBUQUERQUE, N.M. (AP) — A federal judge Wednesday approved a Canadian company's last-minute \$26 million cash offer for an eastern New Mexico peanut butter plant that went bankrupt after a salmonella outbreak and nationwide recall.

But the fight for Sunland Inc. appears far from over.

Lawyers for [Hampton Farms](#) [1] of Severn, N.C., which won a first round of bidding for the company last week, were laying the groundwork for an appeal throughout the new auction and hearing where the sale to Golden Boy Foods Ltd. was approved.

At Wednesday morning's bidding, Hampton Farms increased its offer to \$25.1 million, but only after making it clear it was doing so under protest and without waiving its right to appeal the ruling that forced the second round of bidding. The hearing to approve the sale was also peppered with motions and testimony aimed at appeal.

Hampton Farms bid \$20 million for the plant March 20. But just minutes before a court hearing Friday to approve the sale, Golden Boy Foods called the bankruptcy trustee, Clarke Coll, with a \$25 million cash offer.

[Coll on Monday asked U.S. Bankruptcy Judge David Thuma to reopen the auction](#) [2], saying the extra \$5 million could determine whether or not unsecured creditors get any money back in the case. Hampton Farms' attorneys asked the judge to honor last week's auction results, arguing it was important to preserve the integrity of the bidding process.

Thuma wrote that he was "loath to disturb the results of the judicial auction," but that he couldn't ignore the extra \$5 million or certify the lower bid as in the best interest of creditors.

Tom Nolan, vice president of sales and marketing for Hampton Farms, said the company was "very disappointed" in the outcome.

He noted that the company followed all the rules and procedures, and had raised the offer several times throughout the process. Earlier this year, Coll had recommended Sunland be sold to Ready Roast Nut Co. of California for \$18.5 million.

"Hampton Farms has been and is actively promoting and marketing U.S.-grown Valencia peanut butter, as opposed to other competitors who are marketing organic

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peanuts and peanut butter from China and South America at lower prices in the U.S. market," Nolan said in an email. "We feel our being awarded the assets would have been a great situation for the growers in New Mexico and Texas."

Sunland processed Valencia peanuts, a sweet variety that is unique to the region and preferred for natural butters because it is flavorful without additives. It was the nation's largest organic peanut butter plant, and its shutdown following the salmonella outbreak in late 2012 left many stores scrambling for months to find alternative natural peanut butters.

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[1] <https://twitter.com/HamptonFarms>

[2] <http://www.foodmanufacturing.com/news/2014/03/judge-orders-new-auction-sunland-peanut-butter-plant>