# Judge Orders New Auction for Sunland Peanut Butter Plant

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ALBUQUERQUE, N.M. (AP) — A federal bankruptcy judge on Tuesday ordered a new auction for an eastern New Mexico peanut butter plant involved in a 2012 salmonella outbreak.

The trustee overseeing the liquidation of the now defunct Sunland Inc. in Portales had asked to be able to consider a $25 million cash offer [1] that came in after last week's bidding for the plant.

The offer from Canada's Golden Boy Foods is 25 percent higher than the $20 million bid Thursday from a North Carolina company, Hampton Farms, which beat out Ready Roast Nut Co. of California.

Just minutes before a hearing Friday to certify that auction, Golden Boy came forward with the $25 million in cash.

Trustee Clarke Coll in a hearing Monday said the higher offer could determine whether unsecured creditors will get any payments from Sunland. The company filed for bankruptcy last year following a salmonella outbreak that prompted a nationwide recall and shuttered its operations for eight months.

Attorneys for North Carolina-based Hampton Farms, argued that Golden Boy came to the table too late, and that to invalidate an auction where proper procedures had been followed would jeopardize the integrity of the system.

U.S. Bankruptcy Judge David Thuma in Albuquerque set the new bidding for 10 a.m. Wednesday.

He invited all three companies to participate, and set the opening bid for $25 million.

Sunland processed Valencia peanuts, a sweet variety of peanut 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.

The plant reopened in May. But it filed for bankruptcy and closed in October, apparently unable to recover from the financial hit of the shutdown and lawsuits from the salmonella outbreak.

Sunland attorneys valued the company's total assets at $50 million when it sought

bankruptcy protection last fall.

The company owes its three major secured creditors about $14 million.

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