

January 4, 2016

e-mail: msorenson@dsi.biz

TO THE CREDITORS AND SHAREHOLDERS OF

CONTESSA PREMIUM FOODS, INC, A DELAWARE CORPORATION
CITY OF COMMERCE, CA
AND
SEWICKLEY, PA

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

In the Assignee's last report, we advised that the Assignee completed its review of transactions within the ninety day period immediately preceding the making of the general assignment. Many creditors received payments that were believed to be potentially recoverable under state law. Demand letters were sent to creditors whom the Assignee believed were the recipients of such recoverable transfers and the law firm of Robins Kaplan was retained to prosecute recovery actions for the Assignee. Most of those creditors responded to those demand letters and have worked cooperatively to resolve the Assignee's claims. Many of the claims have already been settled and, in some cases, dismissed based upon the information provided by the affected creditors.

There are a few creditors that have yet to respond or are aggressively defending the Assignee's claims. Some of those are international claims, which understandably will take longer to resolve. As mentioned above, settlements have been achieved since the demand letters were sent and complaints were filed. Recoveries to date from these demand letters and complaints total nearly \$170,000.

The Assignee is still working with U.S Customs and Border Protection on its outstanding claims and "dumping" fees. We have been advised by the agency that this reconciliation is being completed for any penalties and fees that remain outstanding. Creditors should note that the claims, if any, of U.S. Customs and Border Protection, as an agency of the federal government, have priority over other unsecured creditor claims, including any employee wage claims, pursuant to federal statute (31 U.S.C. §3713). Therefore, once the agency's claims have been reconciled, any remaining priority claims will need to be paid before monies will be available to apply to any state or local taxes or general unsecured creditor claims. Initial estimates of the agency's claims are in excess of \$200,000.

As discussed in previous notices, General Electric Capital Corporation ("GECC") and Farm Credit Mid-America, PCA f/k/a Farm Credit Services of Mid-America, ("PCA") were the secured lenders for Contessa Premium Foods, Inc. with a lien on all assets of the company.

LOS ANGELES

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Contessa Premium Foods, Inc.

January 4, 2016

Page 2

GECC was paid from the proceeds of the sale of the assets of Contessa Premium Foods but still has an outstanding balance of over \$12,000,000. The only assets available for distribution to other, non-priority creditors will be the recoveries from the preference actions to the extent there are recoveries in excess of U.S. Customs' claims. The Assignee's assessment at this point is that it does not appear there will be sufficient funds to make distributions to unsecured creditors after U.S. Customs or any other priority creditors are paid in full. We will send a further communication letter officially closing out the case for the creditors once that determination has been made on a final basis, so creditors can close out their files.

A further report will follow in approximately six months, with an update on the Assignee's efforts to recover on the preferential transfer actions and the reconciliation of the U.S. Customs and Border Protection claims.

Very truly yours,

Development Specialists, Inc., solely in its
Capacity as Assignee for the benefit of creditors of
Contessa Premium Foods, Inc.

Very Truly Yours,



By

Matthew P. Sorenson