South Mill Mushroom LLC v. Rain Forest Produce, Inc. et al.

Doc. 162

Jurisdiction to Enforce the Order Granting Stipulation for PACA Trust Claims Procedure filed by the South Mill Group¹; the Best Buy Group²; Intervening Plaintiff, National Commercial Recovery, Inc. d/b/a Blair Smith and Associates³; C.H. Robinson Worldwide, Inc., d/b/a C.H. Robinson Company, Inc., d/b/a C.H. Robinson Company, Inc., d/b/a C.H. Robinson Company, d/b/a C.H. Robinson, Inc., d/b/a Robinson Fresh; Forest Mushroom Food, Inc., d/b/a Guans Mushroom Co.; Papaya Fresh, Inc. (collectively, the "Creditors") and Defendants, Rain Forest Produce, Inc. ("Rain Forest"), Fernando Pantoja, and Anthony (Tony) Perez. This Court has reviewed the

Before this Court is the Stipulation for Judgment and for the Court to Retain

Stipulation, and been fully advised in the premises,

Judgment Page 2 of 13

¹ The South Mill Group consists of Plaintiffs, South Mill Mushroom, LLC d/b/a Champ's Mushrooms; La Sucursal Produce, Inc.; Coliman Produce, Inc.; Treto's Inc.; and Antelope Distributing, Inc.

² The Best Buy Group consists of Intervening Plaintiffs, Best Buy Produce, Int'l, Inc.; Coast Distributors, Inc., d/b/a Coast Tropical; Coast Citrus Distributors, Inc., d/b/a Olympic Fruit & Vegetable; Excell Prod. Inc., Belle Ami Produce, Inc., d/b/a Great Earth Produce; Shapiro-Gilman-Shandler Co.; Riverfront Produce Company, LLC; Umina Bros., Inc.; V.I.P. Marketing, Inc.; Del Fresh Produce, Inc.; Pacific Trellis Fruit, LLC; R & C Berndt, Inc., d/b/a Sierra Produce; South Valley Mushroom Farm, Inc.; Marikian Produce Company, Inc.; Stella Distributing, Inc.; G.W. Palmer & Co., Inc.; Pacific Fresh Produce, Inc.; Kern Ridge Growers, LLC; Val-Produce, Inc., d/b/a Valley Fruit & Produce Co.; Calvera, Inc.; U.S. Farm Produce Corporation, d/b/a Central Produce; L.A. Vegetable, Inc.; Fresh Quality Produce, Inc.; Brandt Farms, Inc.; Mountain High Potato & Onion, Inc.; Dimetri Gardikas Produce Co., Inc.; Cal Fresco, LLC; Cal Pine Distributors, LP; and Michael Cutler of California, Inc.

³ As Assignee of Brand Produce, Inc.; Maui Fresh Int'l., LLC; A&F Distributing Corp.; Marquez Produce, Inc.; No Limits Produce, Inc.; and, Peter Chhoeu Enterprises, Inc., d/b/a Greenfield Produce Imports.

IT IS ORDERED:

FINDINGS OF FACT

1. This Court's Order Granting Stipulation for PACA Trust Claims Procedure (the "PACA Claim Order") established a procedure for the identification of holders of valid trust claims under the Perishable Agricultural Commodities Act of 1930, as amended, 7 U.S.C. §499e(c) ("PACA") against Rain Forest [DE 25].

2. The Creditors filed and served their Proofs of Claim as follows:

CLAIMANT	DOCKET NO.
South Mill Mushroom, LLC	70
Antelope Distributing, Inc.	71
Coliman Produce, Inc.	72
La Sucursal Produce, Inc.	74
Treto's Inc.	75
Brand Produce, Inc.	28, 30
Maui Fresh Intl, Inc.	28, 30
A&F Distributing Corp.	28, 30
Marquez Produce, Inc.	28, 30
No Limits Produce, Inc.	28, 30
Peter Chhoeu Enterprises, Inc.	28, 30
C.H. Robinson Worldwide, Inc.	33
Belle Ami Produce, Inc.	52
Best Buy Produce International, Inc.	53
La Vegetable, Inc.	54
Marikian Produce Company, Inc.	56
Michael Cutler of California, Inc.	57
Brandt Farms Inc.	58
Mountain High Potato & Onion, Inc.	59
Pacific Fresh Produce, Inc.	61
Cal Fresco, LLC	62
Pacific Trellis Fruit, LLC	63
R & C Berndt, Inc.	64
Riverfront Produce Company, LLC	65

Judgment Page 3 of 13

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Shapiro-Gilman Shandler Co.	66
South Valley Mushroom Farm, Inc.	67
Cal Pine Distributors, LP	68
Stella Distributing, Inc.	69
U.S. Farm Produce Corporation	73
Umina Bros., Inc.	76
VIP Marketing, Inc.	77
Calvera, Inc.	80
Coast Citrus Distributor, Inc., d/b/a Coast Tropical	81
Coast Citrus Distributor, Inc., d/b/a Olympic Fruit &	82
Vegetable Distributors	02
Del Fresh Produce, Inc.	83
Dimetri Gardikas Produce Co., Inc.	85
Excell Produce, Inc.	86
Fresh Quality Produce, Inc.	87
G.W. Palmer & Co., Inc.	88
Kern Ridge Growers, LLC	89
Val-Pro, Inc.	90
Papaya Fresh, Inc.	55
Forest Mushroom Food, Inc.	37, 78

3. The Creditors also filed a Complaint, an Amended Complaint, Complaints-in-Interventions, and/or Amended Complaints-in-Intervention [DE 1, 27, 29, 31, 35, 40, 42, 51].

- 4. During the transactions subject to their claims, the Creditors:
- a. Sold perishable agricultural commodities, as defined under PACA, to Rain Forest, in interstate commerce;
- b. Held valid PACA licenses issued by the United States

 Department of Agriculture ("USDA"); and
 - c. Included the required statutory statement under PACA on the

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face of their invoices and timely sending them to Rain Forest.

See, Creditors' PACA Proofs of Claim.

- 5. During the transactions at issue, Rain Forest held a valid PACA license, number 20130929, issued by the USDA.
- 6. The Creditors' claims cumulatively total \$1,701,103.78, calculated as follows:

CREDITOR	CLAIM AMOUNT
South Mill Mushroom, LLC	\$442,456.32
Antelope Distributing, Inc.	\$ 11,063.84
Coliman Produce, Inc.	\$ 24,815.82
La Sucursal Produce, Inc.	\$ 38,074.59
Treto's Inc.	\$ 15,981.06
Brand Produce, Inc.	\$ 63,687.07
Maui Fresh Intl, Inc.	\$ 8,160.65
A&F Distributing Corp.	\$ 25,520.10
Marquez Produce, Inc.	\$ 9,501.50
No Limits Produce, Inc.	\$ 4,561.67
Peter Chhoeu Enterprises, Inc.	\$ 8,625.39
C.H. Robinson Worldwide, Inc.	\$ 51,312.73
Belle Ami Produce, Inc.	\$ 88,096.83
Best Buy Produce International, Inc.	\$113,750.11
La Vegetable, Inc.	\$ 27,750.98
Marikian Produce Company, Inc.	\$ 29,586.98
Michael Cutler of California, Inc.	\$ 9,778.76
Brandt Farms Inc.	\$ 41,913.44
Mountain High Potato & Onion, Inc.	\$ 32,813.92
Pacific Fresh Produce, Inc.	\$ 8,453.05
Cal Fresco, LLC	\$ 49,687.16
Pacific Trellis Fruit, LLC	\$ 20,134.05
R & C Berndt, Inc.	\$ 9,004.06
Riverfront Produce Company, LLC	\$ 98,883.47
Shapiro-Gilman Shandler Co.	\$ 8,699.54
South Valley Mushroom Farm, Inc.	\$ 15,163.02

1	Cal Pine Distributors, LP	\$ 6,588.76
1	Stella Distributing, Inc.	\$ 10,295.62
2	U.S. Farm Produce Corporation	\$ 6,058.05
3	Umina Bros., Inc.	\$ 26,060.23
٥	VIP Marketing, Inc.	\$ 42,453.65
4	Calvera, Inc.	\$ 10,992.38
5	Coast Citrus Distributor, Inc., d/b/a Coast Tropical	\$ 34,678.24
6	Coast Citrus Distributor, Inc., d/b/a Olympic Fruit & Vegetable Distributors	\$ 16,253.80
7	Del Fresh Produce, Inc.	\$ 51,058.15
0	Dimetri Gardikas Produce Co., Inc.	\$ 27,696.64
8	Excell Produce, Inc.	\$ 43,754.78
9	Fresh Quality Produce, Inc.	\$ 1,118.76
10	G.W. Palmer & Co., Inc.	\$ 30,710.66
10	Kern Ridge Growers, LLC	\$ 21,765.82
11	Val-Pro, Inc.	\$ 20,552.31
12	Papaya Fresh, Inc.	\$ 71,684.39
	Forest Mushroom Food, Inc.	\$ 21,905.43

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No party objected to the validity or amount of the Creditors' PACA 7. trust claims.

8. The Creditors received two interim distributions cumulatively totaling \$1,246,461.69, calculated and applied as follows:

CREDITOR	DISTRIBUTION AMOUNT
South Mill Mushroom, LLC	\$324,204.08
Antelope Distributing, Inc.	\$ 8,106.89
Coliman Produce, Inc.	\$ 18,183.47
La Sucursal Produce, Inc.	\$ 27,898.66
Treto's Inc.	\$ 11,709.92
Brand Produce, Inc.	\$ 46,665.87
Maui Fresh Intl, Inc.	\$ 5,979.61
A&F Distributing Corp.	\$ 18,699.52
Marquez Produce, Inc.	\$ 6,962.10
No Limits Produce, Inc.	\$ 3,342.50

Judgment Page 6 of 13

Peter Chhoeu Enterprises, Inc.	\$ 6,320.14
C.H. Robinson Worldwide, Inc.	\$ 37,598.74
Belle Ami Produce, Inc.	\$ 64,551.81
Best Buy Produce International, Inc.	\$ 83,348.92
La Vegetable, Inc.	\$ 20,334.17
Marikian Produce Company, Inc.	\$ 21,679.48
Michael Cutler of California, Inc.	\$ 7,165.26
Brandt Farms Inc.	\$ 30,711.53
Mountain High Potato & Onion, Inc.	\$ 24,043.97
Pacific Fresh Produce, Inc.	\$ 6,193.87
Cal Fresco, LLC	\$ 36,407.62
Pacific Trellis Fruit, LLC	\$ 14,752.97
R & C Berndt, Inc.	\$ 6,597.61
Riverfront Produce Company, LLC	\$ 72,455.58
Shapiro-Gilman Shandler Co.	\$ 6,374.48
South Valley Mushroom Farm, Inc.	\$ 11,110.50
Cal Pine Distributors, LP	\$ 4,827.82
Stella Distributing, Inc.	\$ 7,543.98
U.S. Farm Produce Corporation	\$ 4,438.95
Umina Bros., Inc.	\$ 19,095.30
VIP Marketing, Inc.	\$ 31,107.37
Calvera, Inc.	\$ 8,054.53
Coast Citrus Distributor, Inc., d/b/a Coast Tropical	\$ 25,410.03
Coast Citrus Distributor, Inc., d/b/a Olympic Fruit &	\$ 11,909.76
Vegetable Distributors Del Fresh Produce Inc.	\$ 37,412.20
Del Fresh Produce, Inc. Dimetri Gardikas Produce Co., Inc.	\$ 37,412.20
•	\$ 20,294.33
Excell Produce, Inc. Fresh Quality Produce Inc.	\$ 32,000.74
Fresh Quality Produce, Inc.	
G.W. Palmer & Co., Inc.	\$ 22,502.84 \$ 15,948.62
Kern Ridge Growers, LLC	· · · · · · · · · · · · · · · · · · ·
Val-Pro, Inc. Papaya Fresh, Inc.	, ,
	, ,
Forest Mushroom Food, Inc.	\$ 16,050.92

9. During the transactions at issue, Fernando Pantoja and Anthony (Tony)

Perez (collectively referred to herein as "the Individual Defendants") were Rain

Judgment Page 7 of 13

Forest's officers, directors and co-owners, as well as listed as principals on Rain Forest's PACA license.

- 10. During all relevant times herein, the Individual Defendants were jointly and severally responsible for the daily management and control of Rain Forest, including, without limitation, responsibility for (a) making the financial decisions for Rain Forest; (b) managing the daily operations of Rain Forest; (c) determining which Rain Forest creditors would receive payments and the amount(s) and timing of those payments; (d) withdrawing funds from Rain Forest's banking accounts and directing the distribution of those funds; (e) buying and selling perishable agricultural commodities in the name of Rain Forest; and, (f) collecting, depositing and distributing proceeds from Rain Forest's sale of perishable agricultural commodities, including those commodities that are the subject of this Stipulation.
- 11. During all times relevant herein, the Individual Defendants were in positions to and in fact did jointly and severally control Rain Forest's assets, including the PACA trust assets that are the subject of this Stipulation.
- 12. During all times relevant herein, the Individual Defendants were statutory trustees under PACA having fiduciary duties to the Creditors to preserve Rain Forest's PACA trust assets for the benefit of the Creditors until the PACA trust claims are fully paid.

IT IS FURTHER ORDERED:

Judgment Page 8 of 13

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JUDGMENT

A. Creditors are perfected trust beneficiaries of Rain Forest Produce, Inc. under Section 5(c) of the Perishable Agricultural Commodities Act of 1930, as amended, 7 U.S.C. §499e(c), in the total of \$454,642.09 plus post-judgment interest pursuant to 28 U.S.C. §1961 until paid in full (the "PACA Trust Amount"), calculated as follows:

CREDITOR	VALID PACA TRUST CLAIM AMOUNT
South Mill Mushroom, LLC	\$118,252.24
Antelope Distributing, Inc.	\$ 2,956.95
Coliman Produce, Inc.	\$ 6,632.55
La Sucursal Produce, Inc.	\$ 10,175.93
Treto's Inc.	\$ 4,271.14
Brand Produce, Inc.	\$ 17,021.20
Maui Fresh Intl, Inc.	\$ 2,181.04
A&F Distributing Corp.	\$ 6,820.58
Marquez Produce, Inc.	\$ 2,539.40
No Limits Produce, Inc.	\$ 1,219.17
Peter Chhoeu Enterprises, Inc.	\$ 2,305.25
C.H. Robinson Worldwide, Inc.	\$ 13,713.99
Belle Ami Produce, Inc.	\$ 23,545.02
Best Buy Produce International, Inc.	\$ 30,401.19
La Vegetable, Inc.	\$ 7,416.81
Marikian Produce Company, Inc.	\$ 7,907.50
Michael Cutler of California, Inc.	\$ 2,613.50
Brandt Farms Inc.	\$ 11,201.91
Mountain High Potato & Onion, Inc.	\$ 8,769.95
Pacific Fresh Produce, Inc.	\$ 2,259.18
Cal Fresco, LLC	\$ 13,279.54
Pacific Trellis Fruit, LLC	\$ 5,381.08
R & C Berndt, Inc.	\$ 2,406.45
Riverfront Produce Company, LLC	\$ 26,427.89

Judgment Page 9 of 13

Shapiro-Gilman Shandler Co.	\$ 2,325.06
South Valley Mushroom Farm, Inc.	\$ 4,052.32
Cal Pine Distributors, LP	\$ 1,760.94
Stella Distributing, Inc.	\$ 2,751.64
U.S. Farm Produce Corporation	\$ 1,619.10
Umina Bros., Inc.	\$ 6,964.93
VIP Marketing, Inc.	\$ 11,346.28
Calvera, Inc.	\$ 2,937.85
Coast Citrus Distributor, Inc., d/b/a Coast Tropical	\$ 9,268.21
	\$ 4,344.04
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Del Fresh Produce, Inc.	\$ 13,645.95
Dimetri Gardikas Produce Co., Inc.	\$ 7,402.29
	\$ 11,694.04
	\$ 299.00
,	\$ 8,207.82
	\$ 5,817.20
	\$ 5,492.87
Papaya Fresh, Inc.	\$ 19,158.58
Forest Mushroom Food, Inc.	\$ 5,854.51
	South Valley Mushroom Farm, Inc. Cal Pine Distributors, LP Stella Distributing, Inc. U.S. Farm Produce Corporation Umina Bros., Inc. VIP Marketing, Inc. Calvera, Inc. Coast Citrus Distributor, Inc., d/b/a Coast Tropical Coast Citrus Distributor, Inc., d/b/a Olympic Fruit & Vegetable Distributors Del Fresh Produce, Inc. Dimetri Gardikas Produce Co., Inc. Excell Produce, Inc. Fresh Quality Produce, Inc. G.W. Palmer & Co., Inc. Kern Ridge Growers, LLC Val-Pro, Inc.

B. This Court enters Judgment in the Creditors' favor and against Rain Forest Produce, Inc., Fernando Pantoja, and Anthony (Tony) Perez – jointly and severally - in the amount of \$454,642.09 as separately set forth above, plus post-judgment interest pursuant to 28 U.S.C. §1961 from the date of entry of judgment until paid in full, all of which qualifies for protection under the PACA trust, 7 U.S.C. §499e(c), as follows:

CREDITOR	JUDGMENT AMOUNT
South Mill Mushroom, LLC	\$118,252.24
Antelope Distributing, Inc.	\$ 2,956.95
Coliman Produce, Inc.	\$ 6,632.55
La Sucursal Produce, Inc.	\$ 10,175.93

Judgment Page 10 of 13

1	Treto's Inc.	\$ 4,271.14
	Brand Produce, Inc.	\$ 17,021.20
2	Maui Fresh Intl, Inc.	\$ 2,181.04
3	A&F Distributing Corp.	\$ 6,820.58
	Marquez Produce, Inc.	\$ 2,539.40
4	No Limits Produce, Inc.	\$ 1,219.17
5	Peter Chhoeu Enterprises, Inc.	\$ 2,305.25
	C.H. Robinson Worldwide, Inc.	\$ 13,713.99
6	Belle Ami Produce, Inc.	\$ 23,545.02
7	Best Buy Produce International, Inc.	\$ 30,401.19
8	La Vegetable, Inc.	\$ 7,416.81
8	Marikian Produce Company, Inc.	\$ 7,907.50
9	Michael Cutler of California, Inc.	\$ 2,613.50
10	Brandt Farms Inc.	\$ 11,201.91
	Mountain High Potato & Onion, Inc.	\$ 8,769.95
11	Pacific Fresh Produce, Inc.	\$ 2,259.18
12	Cal Fresco, LLC	\$ 13,279.54
12	Pacific Trellis Fruit, LLC	\$ 5,381.08
13	R & C Berndt, Inc.	\$ 2,406.45
14	Riverfront Produce Company, LLC	\$ 26,427.89
15	Shapiro-Gilman Shandler Co.	\$ 2,325.06
13	South Valley Mushroom Farm, Inc.	\$ 4,052.32
16	Cal Pine Distributors, LP	\$ 1,760.94
17	Stella Distributing, Inc.	\$ 2,751.64
	U.S. Farm Produce Corporation	\$ 1,619.10
18	Umina Bros., Inc.	\$ 6,964.93
19	VIP Marketing, Inc.	\$ 11,346.28
20	Calvera, Inc.	\$ 2,937.85
20	Coast Citrus Distributor, Inc., d/b/a Coast Tropical	\$ 9,268.21
21	Coast Citrus Distributor, Inc., d/b/a Olympic Fruit &	\$ 4,344.04
22	Vegetable Distributors	,
22	Del Fresh Produce, Inc.	\$ 13,645.95
23	Dimetri Gardikas Produce Co., Inc.	\$ 7,402.29
24	Excell Produce, Inc.	\$ 11,694.04
	Fresh Quality Produce, Inc.	\$ 299.00
25	G.W. Palmer & Co., Inc.	\$ 8,207.82
26	Kern Ridge Growers, LLC	\$ 5,817.20
27	Val-Pro, Inc.	\$ 5,492.87 \$ 19,158.58
21	Papaya Fresh, Inc.	\$ 19,158.58

Judgment Page 11 of 13

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Forest Mushroom Food, Inc. \$ 5,854.51

C. This Court retains jurisdiction over the PACA Claims Order, as Rain Forest is attempting to collect additional funds through its Third Party Complaints, liquidation of its remaining assets, and collection of any outstanding receivables.

- D. The PACA Trust Account established pursuant to the PACA Claims

 Order shall remain in existence after the closure of this case to facilitate the

 continued collection of PACA Trust Assets in connection with this matter.
- E. The professionals identified in the PACA Claims Order shall continued to comply with the terms of such Order in the handling and distributing of the Assets.
- F. The PACA Trust Account, as defined in the PACA Claims Order, shall not be subject to execution, levy or attachment by any creditor without order of this Court.
- G. Every 90 days from the Court's Order granting the parties' Stipulation, the professionals shall file a Status Update, stating if they have received additional funds during that 90-day period, whether they anticipate additional distributions, and how long the Court should keep this case open.
- H. Nothing in this Stipulation or this Order is or shall be deemed to be a waiver or release of the Creditors' PACA trust rights or the Creditors' ability to enforce those PACA trust rights against any person or entity not a party to this

Judgment Page 12 of 13

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Stipulation who may be liable to the Creditors for breach of the PACA trust, all such rights being expressly reserved.

IT IS SO ORDERED.

DATED: October 12,, 2021

HONORABLE JESUS G. BERNAL UNITED STATES DISTRICT COURT

Judgment Page 13 of 13