

Agriprocessors, Inc.

Turnaround of the Year, Small Company

By the Spring of 2008 Agriprocessors, Inc. had become the largest glatt kosher meat and poultry processor in the world with revenues in excess of \$300 million per year - slaughtering 350,000 chickens, 2,500 head of cattle and producing 125,000 pounds of Jewish delicacies such as corned beef, pastrami and Nathan's famous hot dogs, per week. The Company was the largest single employer in Northeast Iowa with more than 1,100 workers at its Postville facility alone. However, following a highly publicized immigration raid in May 2008 wherein 370 undocumented workers were arrested, the Company was temporarily shut down. Agriprocessors was teetering on the brink of bankruptcy and threatening to take the city of Postville with it.

As the Company struggled to stay afloat that summer and fall, Agriprocessors' senior management perpetrated a series of frauds that ultimately resulted in a Chapter 11 bankruptcy in November 2008. All operations ceased again, leaving the majority of Postville residents without money, employment, food and health insurance.

Later that month, Joseph E. Sarachek, managing partner of Triax Capital Advisors, LLC ("Triax") was appointed Chapter 11 operating trustee. Sarachek, immediately hired his partners Marc Ross and Bradley D. Schwab, and along with their team of meat industry consultants, assumed operational control of the company. The Trustee engaged Halperin Battaglia Raicht, LLP and Elderkin Pirnie, PLC as his counsel. The Triax team, with their expertise in operating and selling troubled food companies, sought to restart the Company and sell it as a going concern in order to generate maximum value.

By the beginning of December 2008, a DIP financing agreement was negotiated with First Bank, and in a matter of weeks Triax took what was a shuttered facility in the heartland of America and turned it into a \$900,000 per week revenue food processing company.

Shortly after Agriprocessors became operational, Triax discovered the aforementioned fraud. As a result of the fraud and immigration violations, Agriprocessors was criminally indicted. The ensuing chaos prompted First Bank to require that the Company be quickly sold or liquidated.

Notwithstanding the fraud, limited operational information, and significant capital requirements, Triax produced numerous buyers who appeared at a 363 auction. All buyers submitted conditional offers which proved unacceptable to the secured parties. Battling to forestall a third shutdown, the Triax team devised a creative approach to the sale process by bifurcating First Bank's pre and post-petition claims, and negotiating the sale of the first mortgage claim of Met Life. In May 2009 Triax identified a buyer who dropped all contingencies, and orchestrated the sale of Agriprocessors' secured debt to SHF Industries Inc. (SHF). In August, the business was transitioned to Agri Star Meat and Poultry, LLC, as a going concern rapidly approaching cash flow neutral operations.

Triax and the trustees' legal counsel were able to successfully maximize the value of Agriprocessors and enable it to continue as a going concern. In October 2009, the estate

converted to Chapter 7. Triax and Elderkin Pirnie are now working on behalf of Sarachek in his capacity as Chapter 7 trustee.

With the turnaround complete, Agri Star continues to increase production and add jobs, offering a brighter future for the Company and perhaps more importantly, the city of Postville.