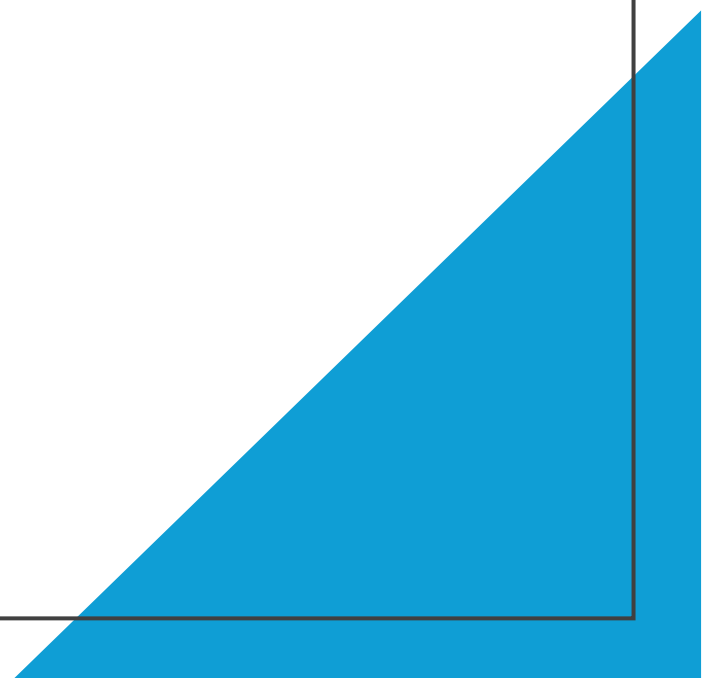




**NACM Connect  
Wichita Regional Meeting  
April 9<sup>th</sup>, 2026**

**The Impacts of Bankruptcy**



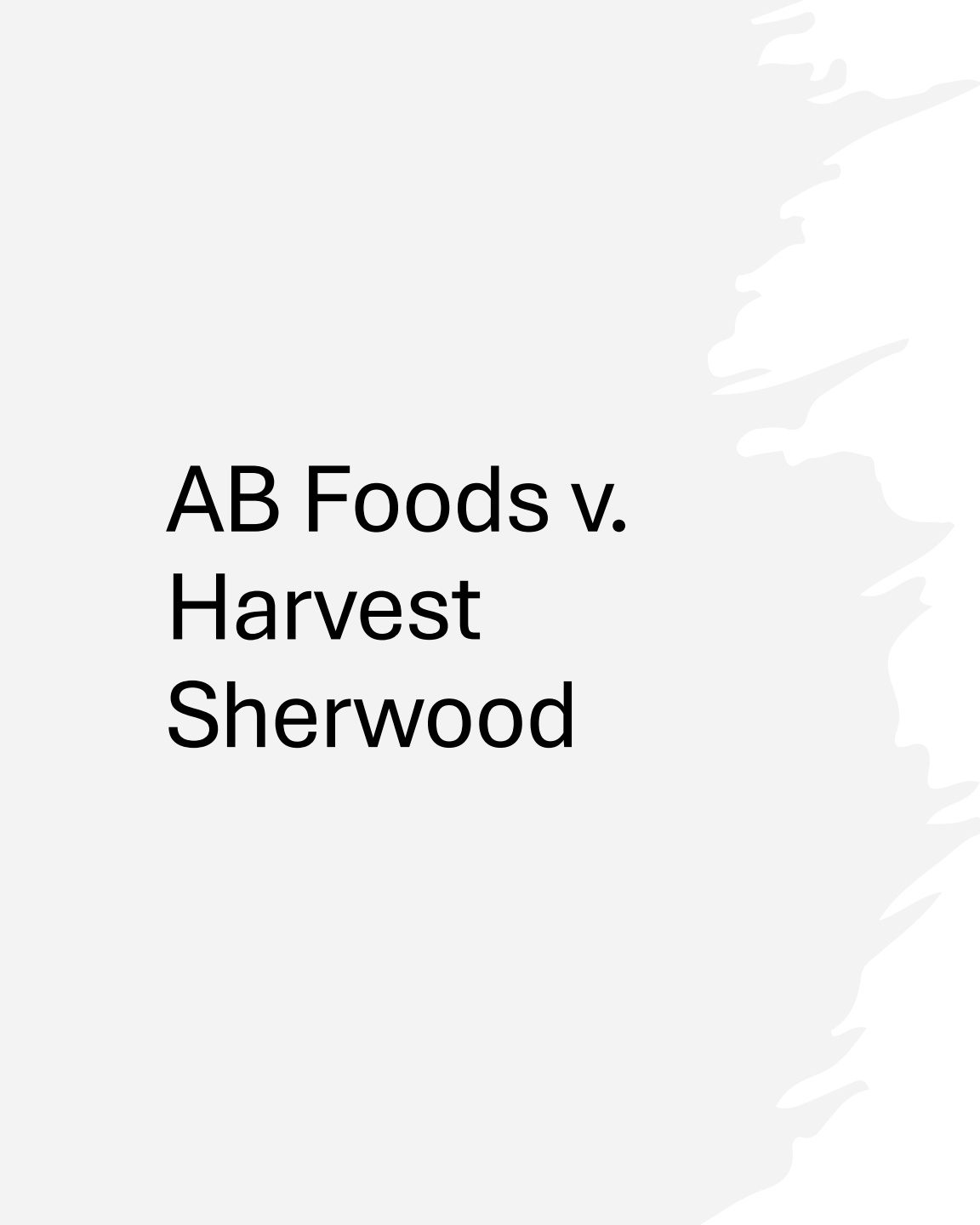
## Today's Topics

- 1) Learning From Bankruptcy
- 2) Major Food Distributor files Bankruptcy
- 3) Credit Application Trade References
- 4) Something Doesn't Make Sense
- 5) How do troubled Companies Survive

# The Harvest Sherwood Wake- UP Call A \$4B Giant Falls



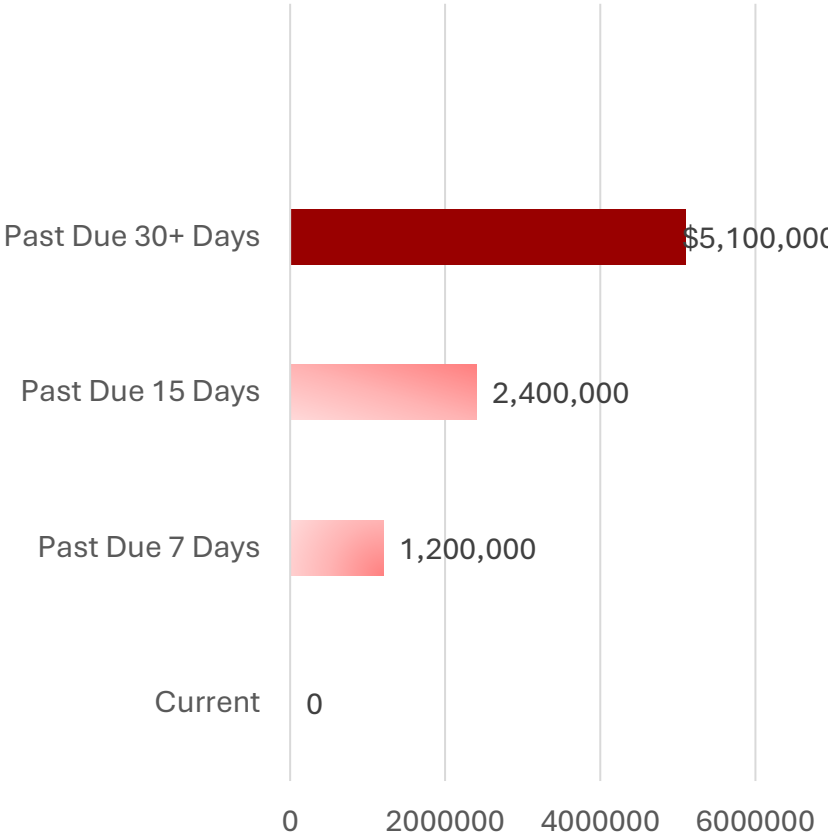
- Harvest Sherwood, a Detroit-based meat distributor founded in 1969, supplied 8,000+ customers across 13 states with \$4B in revenue.
- Feb 2025 Crisis: Announced shutdowns, 1,500+ layoffs, asset sales—vendors owed millions.
- AB Foods lawsuit against Harvest Sherwood was filed on March 26, 2025 (Case 1:25-cv-00175-AKB).
- Ch. 11 Shift: Apr 18 Ch. 7 petition (\$700K owed) → May 5 Ch. 11 (\$1B-\$10B assets, \$500M-\$1B liabilities, 5,000+ creditors)



# AB Foods v. Harvest Sherwood

- Overview: Idaho supplier AB Foods sued Harvest Sherwood for \$8.7M over unpaid meat deliveries—decades-long deal turned sour.
- Payment Breakdown: Late Jan 2025 payments stopped; Feb assurances led to \$800K extra shipments despite red flags.
- Legal Action: Filed in Idaho federal court (diversity jurisdiction)—claims breach and fraud from hidden financial collapse.

# Invoice Break Down At Filing \$8.7 M



■ Current  
■ Past Due 7 Days  
■ Past Due 15 Days  
■ Past Due 30+ Days

AB Foods alleges Harvest Sherwood hid critical financial trouble—fraud by omission—leading to \$8.7M in unpaid debts

Stopped payments and communication—Harvest didn't disclose worsening condition, tricking AB into continued trust.

Feb 2025 False Assurances: Harvest CEO promised \$1.5M-\$2M payment without revealing collapse plans—

Continued Shipping Risk: \$800K extra shipped after Feb assurances—ignored past due signals; result: Fraud claims in Mar suit.



# Credit Manager Best Practices – Verifying Large Balances Post- AB Foods vs. Harvest

Safeguard Big Balances- Your Jobs Depend on It!

**Demand Current Financials:** Require updated balance sheets and cash flow for balances

**Validate Promises:** Confirm >\$500K payment claims with bank statements—avoid overextension.

**Use NACM/AI:** Monitor >\$1M balances with real-time alerts—spot stops fast.

**Document Checks:** Log financial reviews for large credits—block fraud claims.

**Audit Quickly:** Require audits within 15 days for >\$1M—beat delays.

# Harvest Sherwood Food Distributors Files Bankruptcy 5/5/2025

## Top 10 Unsecured Claims Snapshot

Total Debt Across 5,000 Vendors: \$500M-\$1B

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Title	Unsecured Claim Amount	Contact
Burford Capital	\$35,000,000.00	Mark Klein
National Beef Packing Co.	\$15,571,352.45	Pat Mies
Tyson Foods, Inc.	\$13,065,908.32	Adam Deckinger
Pitman Farms, Inc.	\$11,695,061.80	Richie King
AB Foods, LLC	\$8,289,668.98	Daniel Quezada
JBS USA, LLC	\$8,108,328.76	Sandy Adams
True West Beef	\$3,625,299.60	Scott Barrier
Dutch Farms, Inc.	\$3,458,167.70	Bruce Boomsma
Bar-S Foods Co.	\$3,062,692.16	General Counsel
Hormel Foods Sales, LLC	\$2,518,791.57	Colleen Batcheler

# Credit Application – Trade/Bank



## Trade References

Company	Contact Name	Phone	Verification Outcome
Tyson Fresh Meats	Rachael Woolfley	(479) 290-5692	Contact reached; Tyson policy: "Will not provide trade references" – Rachael hasn't been in credit for years.
Cargill Meat Solutions	Kimberly Davis	(316) 291-2641	Number no longer working; LinkedIn shows possible match in cybersecurity (not direct meat ops) – no response.
JBS USA Inc.	Ruby Bauer	(970) 506-7566	Wrong contact number; LinkedIn confirms Fixed Assets role in Kersey, CO – alternate (303) 857-2003 unverified.
Seaboard Farms, Inc.	Soni Martin	(913) 261-2603	Contact reached (Credit Analyst, per LinkedIn); "No comment" on Sherwood bankruptcy

# Trade Ref Reality Check: Sherwood's Shadow Harvest Trade References

## Total Estimated Unsecured Losses From Trade References

Trade Reference	Claim Amount	Filing Date	Claim Number	Notes
Tyson Fresh Meats	\$11,406,310.00	Sept 15, 2025	#10712	Filed as unsecured claim
Cargill Meat Solutions	\$358,091.37	Sept 11, 2025	N/A	Smaller unsecured claim
Cargill Meat Solutions	\$2,184,014.71	Sept 11, 2025	N/A	Larger unsecured claim
JBS USA Food Company	\$7,941,858.16	Sept 15, 2025	N/A	Filed as unsecured claim
Seaboard Farms, Inc.	\$432,059.73	Scheduled	N/A	Unsecured, per bankruptcy docs

# Red Flags: Trade References

1

## **Over-Reliance on Big Names:**

Assuming Tyson or JBS vouchsafes credit without validation risks blind trust—always independently confirm ref credibility.

2

## **Inconsistent Contact Data:**

Deadlines or wrong numbers indicate outdated info—cross-verify via LinkedIn or industry directories.

3

Know the Trigger: Escalate to C-Suite for Critical Credit Limits Escalate when requesting credit limits >\$500K or 10% of your portfolio—high exposure demands top-tier validation.

4

**Direct Dial Strategy:** Use alternates (e.g., HQ lines) when provided numbers flop—searches confirm these as active gateways to credit teams.

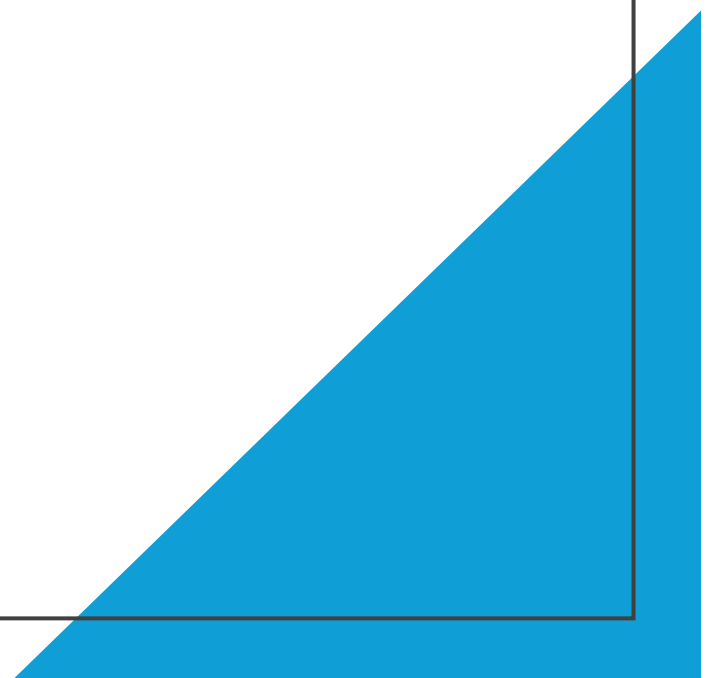


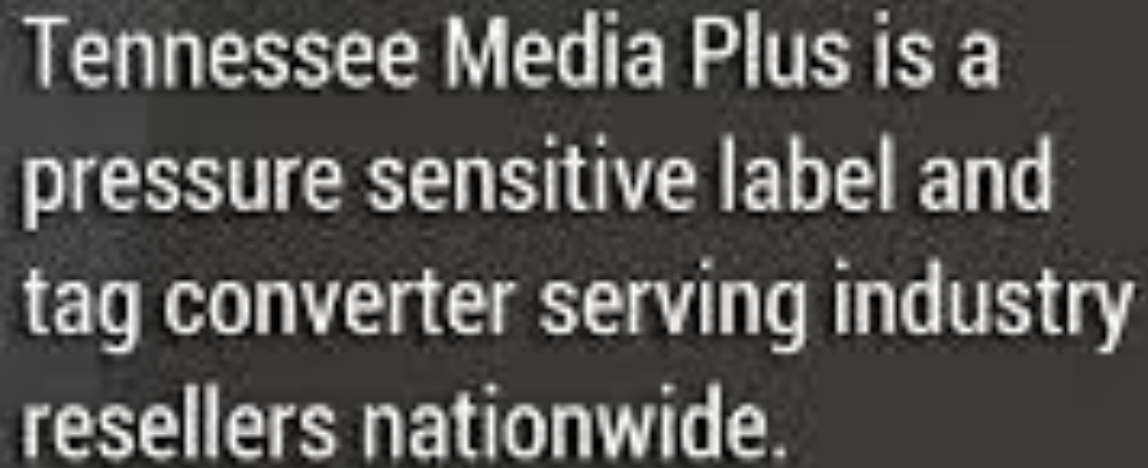
## Revamp Your Credit App – Key Questions for Deeper Insights

- **Sales Trends (Last 3 Years):** "Provide 3-year sales by product/region." Spot growth dips early
- **Current A/R Balance:** "Report A/R aging and DSO." Catch cash flow issues fast.
- **Customer Concentration:** "List top 5 customers (% revenue); any >15% at risk?" Flag over-reliance.
- **Outstanding Lawsuits:** "Detail lawsuits (last 5 years, amounts)." Reveal hidden liabilities
- **Customer Visits:** Schedule on-site checks—spot facility issues like warehouse sales to freeze credit pre-bankruptcy.
- **AI-Powered Risk Models:** Deploy Machine Learning tools—predict defaults 80% with real-time data, flag cost trends proactively.



Something Doesn't Make Sense





Tennessee Media Plus is a pressure sensitive label and tag converter serving industry resellers nationwide.

## Tennessee Media Plus

- **Overview:** Tennessee Media Plus, LLC (TMP), based in Knoxville, TN, supplies industry resellers with thermal transfer labels, tags, films, and specialty adhesives.
- **Products:** Large stock of labels and thermal transfer ribbons; custom labels available
- **Applications:** Serves manufacturing, healthcare, food, retail for shipping, bar-coding, and product ID.
- **Reseller Focus:** Sells only to resellers, offering top customer service and quality products.

# Financials

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Category	Details	Amount
<b>Revenue</b>	2023 (Full Year)	\$1,175,317.00
	2024 (Full Year)	\$1,154,913.00
	2025 (YTD: Jan 1 – Aug 1)	\$252,666.00
<b>Assets</b>	Total (All Personal Property)	\$204,048.30
	Accounts Receivable (Net, After Offsets)	\$0.00
<b>Liabilities</b>	Total Liabilities	\$2,710,502.74.

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# Tennessee Media Plus, LLC

## Unsecured Creditors

Over 40 Unsecured  
Creditors owed \$2.7 million

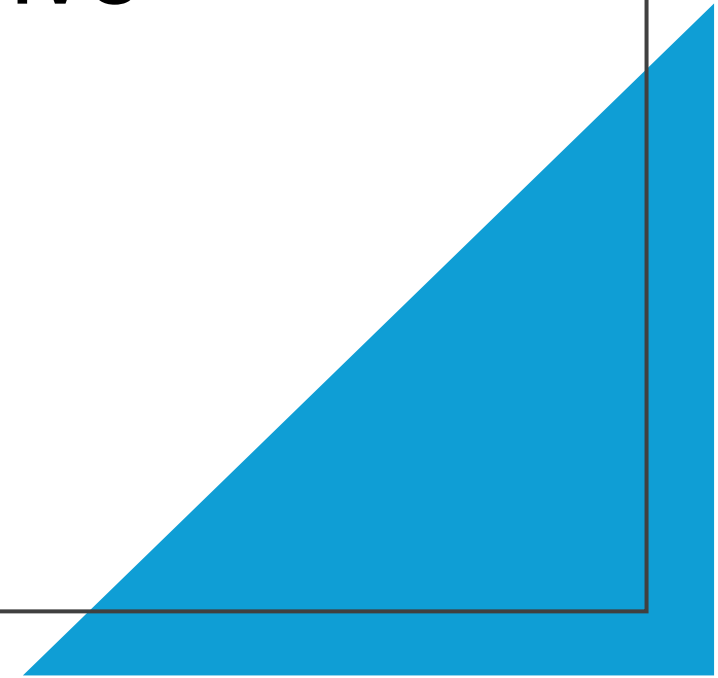
Unsecured Creditor	State	Proof Of Claim
Armor IIMAK	New York	\$133,910
Avery Dennison	Ohio	\$379,855
Thermal Label	Tennessee	\$593,605
Greenbay Packaging	Wisconsin	\$797,324

# Tennessee Media Plus, LLC Bankruptcy: Lessons for Credit Managers

- **Speak Up in Sales Meetings:** Raise credit risks (e.g., 78% revenue drop to \$253K in 2025) to align terms, reducing \$2.7M exposure.
- **Adjust Credit Limits Dynamically:** Use AI to cut limits on >15% revenue drops (\$1.15M in 2024 to \$253K YTD 2025).
- **Request Updated Financials:** Demand quarterly P&Ls to catch \$0 AR write-offs, 13:1 liability-to-asset ratio.
- **Monitor Bankruptcy with BKwre:** Track \$2.7M claims (\$1.9M in top 4 creditors) via BKwre for timely filings (Case No. 3:25-bk-31599).



# How do trouble companies survive



# Merchant Cash Advanced (MCA)

**High Costs: Merchant cash advances (MCAs)** often carry extremely high annual percentage rates (APRs), sometimes exceeding 100%, significantly increasing repayment burdens compared to traditional loans.

**Aggressive Repayment Structure:** Daily or weekly automatic deductions from sales can strain cash flow, especially for businesses with inconsistent revenue, risking operational disruptions.

**Lack of Regulation:** MCAs are not classified as loans, bypassing many consumer protection laws, which can lead to predatory lending practices and unclear terms.

**Debt Cycle Risk:** High repayment amounts and short terms can trap businesses in a cycle of renewing advances, increasing overall debt and financial instability.

Fleming Steel Co.  
Chapter 11 Bankruptcy  
Filed 8/15/2025

Assets – 1m -10m  
Liabilities- 1m-10  
Unsecured Debt- \$4.1

## Stacking

Unsecured	State	Amount
Purvis Industries	TX	\$261,255
Capital One	CA	\$178,253
Highland Hill Capital	NY	\$176,198
Funderzgroup LLC	CT	\$172,385
Finpoint Funding	NY	\$42,400

# Why Credit Managers Need to Be Concerned About MCAs

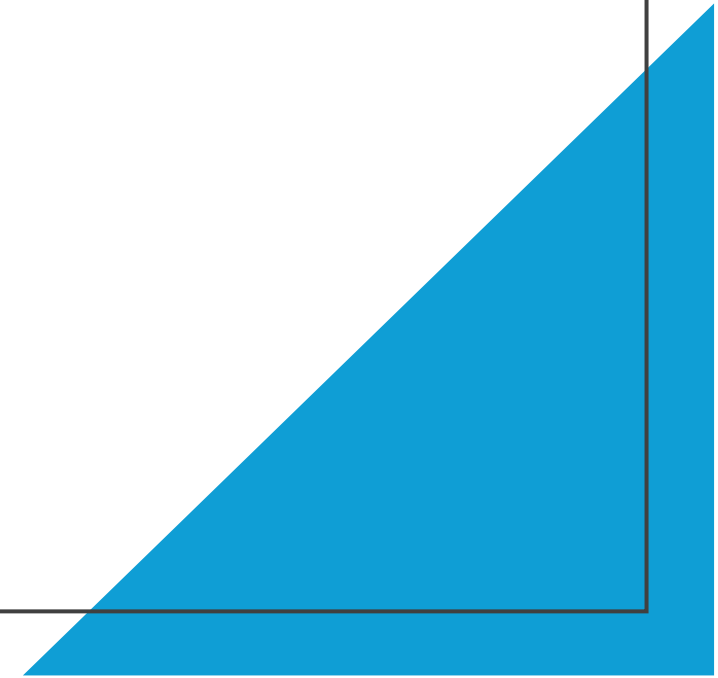
**Indicator of Financial Distress:** Businesses turning to MCAs often signal underlying cash flow issues or credit problems, increasing the risk of default on other obligations like accounts payable.

**High Costs Strain Cash Flow:** Effective interest rates can exceed 100%, leading to aggressive daily repayments that prioritize MCA lenders and reduce funds available for vendors or creditors.

**Priority Over Other Debts:** MCA repayments deduct directly from sales revenue, potentially subordinating trade creditors and heightening exposure in bankruptcy scenarios.

**Hidden Risk from Non-Reporting:** MCAs typically do not report to credit agencies, making it difficult for credit managers to detect reliance on high-cost financing through standard credit checks.

# Things to consider



**Scrutinize Credit Applications:** Ask targeted questions to assess customer creditworthiness; document any red flags for review with sales and finance teams.

**Monitor Large Credit Exposures:** Conduct regular customer visits to evaluate financial stability and mitigate risks for significant credit accounts.

**Track Bankruptcy Trends:** Use BKwire.com daily to monitor sector-specific bankruptcy data, staying proactive on potential risks.

**Proactive Risk Management:** Combine thorough documentation, direct engagement, and use NACM Connect.



Questions?

