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Commodity Trader Transmar Files For Ch. 11 Amid Cocoa Tiff

By **Pete Brush**

Law360, New York (January 3, 2017, 2:11 PM EST) -- Transmar Commodity Group Ltd. has filed for Chapter 11 in New York bankruptcy court amid a \$2.6 million arbitration dispute with a Peruvian cocoa and coffee cooperative, saying the family-owned sustainable supply chain concern has between \$100 million and \$500 million in debts.

Morristown, New Jersey-based Transmar appears to list a \$2.6 million arbitration liability to the Cooperativa Agraria Industrial Naranjillo LTDA as its lone liquidated debt, according to CEO Peter G. Johnson's Thursday filing. Requests for additional comment from the company and its counsel were not immediately returned.

Johnson and other officers including Timothy B. Johnson and Patricia Johnson Gasek concluded that "it is desirable and in the best interests of the corporation, its creditors, and other parties in interest" to restructure debt, the filing said.

In October, Transmar said it would go before the Second Circuit to **challenge a decision** by U.S. District Judge Louis Stanton granting the Peruvian concern's petition to vacate the award, which Transmar won in arbitration it initiated after the co-op failed to make a delivery of 1,200 tons of cocoa butter owed under a series of contracts.

Judge Stanton had agreed to vacate the award after concluding that the contracts were confusingly worded and that the co-op was never given a copy of the terms that were supposedly incorporated.

It was unclear whether that dispute precipitated the bankruptcy filing. Transmar's filing also lists Tokyo-based Itochu Corp. as an owner of significant equity.

Itochu is a large global trader that formed a joint venture with Transmar in February, according to the debtor's website. At the time Johnson said he expected the tie-up to allow Transmar to become "well-positioned" to expand its reach into Asia.

Itochu was to contribute cash into Transmar Group Ltd., a newly formed U.K. limited company, which was to hold the majority of Transmar's existing global cocoa operations, according to the debtor's website. Itochu was to receive a minority stake slightly below 20 percent of the joint venture's equity in exchange for its capital.

Transmar is represented by Tracy L. Klestadt of Klestadt Winters Jureller Southard & Stevens LLP and Edwin Francis Chociey Jr. and Thomas M. Kenny of Riker Danzig Scherer Hyland & Perretti LLP.

The case is In re: Transmar Commodity Group, case number 1:16-bk-13625, in the U.S. Bankruptcy Court for the Southern District of New York.

--Additional reporting by Caroline Simson. Editing by Brian Baresch.