IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
Fleming Companies, Inc., et al.,	)	Case No. 03-10945 (MFW)
	)	(Jointly Administered)
Debtors.	)	

Objection deadline is September 1, 2003
Hearing Date: not applicable

LAKESIDE FOODS, INC.'S OBJECTION AND RESPONSE TO DEBTORS' SECOND SUPPLEMENTAL REPORT OF CLAIMS UNDER THE PERISHABLE AGRICULTURAL COMMODITIES ACT, 7 U.S.C. § 499a, *ET SEQ.*, THE PACKERS AND STOCKYARDS ACT, 7 U.S.C. § 181, *ET SEQ.*, AND SIMILAR STATE STATUTES

Lakeside Foods, Inc. ("Lakeside") submits the following as its objection and response to the Debtors' Second Supplemental Report of Claims Under the Perishable Agricultural Commodities Act ("Second Supplemental Report"):

1. Lakeside has asserted a claim against Debtors in the amount of $199,265.03 under the Perishable Agricultural Commodities Act ("PACA"), 7 U.S.C. § 499e.

2. On or about August 18, 2003 Debtors filed the Second Supplemental Report which asserted that of Lakeside's PACA claims $16,572.83 were "unreconciled" and $32,643.22 were "PACA ineligible."

3. On August 21, 2003, Lakeside's counsel received via email a Claims Status Detail Report (the "Detail Report") as of August 18, 2003 which purported to contain a description of the basis for amounts listed as "invalid". A copy of that Detail Report is attached as Exhibit A.

4. Lakeside has reviewed the Detail Report. The reasons provided in the Detail Report for disputed or unreconciled portions of Lakeside's PACA claims are generic in nature. For example, for amounts listed as "disputed," the Detail Report says that "[I]n general, these amounts relate to valid deductions in the Debtors' records not reflected in the asserted claims; asserted claims for goods received in excess of amount recorded in the Debtors' receiving records; and pricing discrepancies." However, the specific reason for each of the 13 entries of disputed amounts is not provided, and Lakeside is left to guess at the specific reason for the dispute. Lakeside has made inquiries to Mr. Charles Cipione as directed in the Detail Report to receive additional information from the Debtor regarding the basis for Debtors' designation of "invalid" and "unreconciled" amounts. To date, that additional information has not been provided.

5. On the first page of the Detail Report, Debtor asserts that it disputes $2,902.39 of various invoices because its records differ and open payment payable amounts from those included in Lakeside's claims. Although the reasons for Debtor's deduction from invoice totals are not described in detail, the amount of each entry on the "disputed amount--PACA eligible claim" schedule (page 1 of the Detail Report) is consistent with unearned discounts which were unavailable to Debtor because of its failure to pay within 10 days of the invoice. The terms of those invoices were "2% 10, net 30". Given that the invoices were not paid within the 10-day period, the 2% discount is unavailable to Debtors, and these disputed amounts should be paid as PACA Trust claims.

6. On the second page of the Detail Report, Debtors purport to list a portion of Lakeside's PACA claims that are "not eligible for PACA trust coverage." Debtors claim that $219.60 of one its invoices applies to non-PACA eligible items. Debtors do not specify what

about that invoice is non-PACA eligible, and Lakeside's review of that invoice indicates that there is nothing on that particular invoice which would not be eligible for PACA trust coverage. These amounts classified as "not eligible" by Debtors should be paid as PACA Trust claims.

7. On the third page of the Detail Report, Debtors list $29,521.23 of PACA claims for which documentation was not provided. Documentation has subsequently been provided to Debtors for these PACA eligible claims and Lakeside asserts that the entire amount is PACA eligible, and should be paid as PACA Trust claims.

8. On the fourth page of the Detail Report, Debtors list $16,572.83 of invoices for which they have not yet confirmed "receipt of associated goods, related payable amounts due and eligibility for PACA Trust coverage." However, documentation of those amounts has been provided to Debtors by Lakeside and Lakeside asserts that such amounts should be paid as PACA Trust claims.

9. As a result of Debtors' failure to provide sufficient information to allow Lakeside to contest Debtors' characterizations of various portions of its PACA claims, Lakeside has filed this objection. Lakeside believes that Debtors have violated the court's PACA order by failing to provide sufficiently detailed legal and factual bases for Debtors' determination that portions of Lakeside's claim are either ineligible or unreconciled.

10. To date, Lakeside has been paid $150,048.98 as payment on its "PACA eligible" claims by Debtors.

Wherefore, Lakeside respectfully requests that the court sustain Lakeside's objection to the Second Supplemental Report and Detail Report, strike Debtors' determination of amounts which are either "ineligible" or "unreconciled", find Lakeside's entire claim of $199,265.03 to be valid and covered by the PACA Trust, and direct Debtors to pay $49,265.03 to Lakeside immediately.

Respectfully submitted this 30th day of August, 2003.

MICHAEL BEST & FRIEDRICH LLP
Attorneys for Lakeside Foods, Inc.

By: _____
Ann Ustad Smith
WI State Bar No. 1003243

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Smith, Ann U.

From: pmyers@kirkland.com
Sent: Thursday, August 21, 2003 5:55 PM
To: ausmith@mbf-law.com
Cc: cms@fleming.com
Subject: Fleming Companies, Inc., et al., Bankruptcy Case No. 03-10945- -Lakeside Foods PACA Claim

Mac Word 3.0

Rich Text Format

Ms. Smith:

Please review the attached letter and Report detailing amounts deemed ineligible in the Second Supplemental PACA Report dated August 18, 2003. Thank you.

(See attached file: letter.doc) (See attached file: Lakeside Foods - Aug 18 Ineligible Report.rtf)

Patricia Myers
Kirkland & Ellis LLP
Legal Secretary
Phone: 312-861-3048 (direct)
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EXHIBIT A

KIRKLAND & ELLIS LLP
AND AFFILIATED PARTNERSHIPS

200 East Randolph Drive
Chicago, Illinois 60601

312 861-2000

Facsimile:
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August 21, 2003

Dear PACA Claimant/Counsel:

Attached is a copy of the Claim Status Detail Report as of August 18, 2003. The Report contains a description of the basis for amounts listed as invalid.[1] Charles Cipione can be reached at 972-906-8108 should you wish to discuss any ineligible component of your claim in advance of filing an Objection.

For those amounts listed as Unreconciled, the Debtors have either not had the opportunity to review the information that has been provided, or no such information has been provided. To the extent that information is provided to the Debtors on or before September 1, 2003, such information will be reviewed and listed on the September 16, 2003, Third Supplemental PACA Report (the "September 16th Report"). To the extent that information is not provided to the Debtors at all, the Debtors will seek, in the September 16th Report, to have such Claim expunged. To the extent applicable detail is provided between September 1 and September 16, the Debtors will work in good faith to review all such information and will reflect the information reviewed in the September 16th Report to the extent possible and will list the remainder as unreconciled.

KIRKLAND & ELLIS LLP
Counsel for the Debtors and Debtors in Possession

Attachment (1)

[1] Please note that, in the course of data conversion, explanatory notes associated with the ineligible categories "Products Not Eligible for PACA Trust Coverage" and "Portions Not Eligible for PACA Trust Coverage" were inadvertently truncated. These notes read as follows:

"Products Not Eligible for PACA Trust Coverage"--Asserted amounts wholly relate to items that the Debtors believe are not eligible for PACA Trust protection. In general, assertions wholly relate to modified and/or non-perishable or otherwise "Ineligible" products.

"Portions Not Eligible for PACA Trust Coverage"--Asserted amounts include claims for items that the Debtors believe are not eligible for PACA Trust coverage. In general, assertions include certain amounts related to modified and/or non-perishable or otherwise ineligible products in addition to PACA eligible items. The Debtors have reduced the total claim amount to exclude amounts associated with items deemed not eligible for PACA Trust coverage.

Fleming Companies - PACA/PASA
Detail of Amounts Deemed Ineligible in August 18, 2003 Report
Lakeside Foods Inc

ID	Invoice Number	Org	Invoice Date	PO Number	Asserted Amount	Eligible Portion	Ineligible Portion	Unreconciled
Disputed Amount - PACA Eligible Claim								
The Debtors' financial records reflect different open payable amounts from those included in claimant's assertion. In general, these amounts relate to valid deductions included in the Debtors' records not reflected in the asserted claims; asserted claims for goods received in excess of amounts recorded in the Debtors' receiving records; and pricing discrepancies between the Debtors' records and claim assertions. Amounts claimed in excess of the Debtors' financial records are deemed ineligible.								
673	146847		2/24/2003		$24,100.30	$23,618.29	$482.01	$0.00
657	146981		2/24/2003		$9,493.29	$9,303.42	$189.87	$0.00
326	148269		3/18/2003		$10,441.57	$10,232.74	$208.83	$0.00
682	148603		3/25/2003		$7,000.49	$6,860.48	$140.01	$0.00
661	148701		3/18/2003		$15,449.23	$15,140.05	$309.18	$0.00
672	148789		3/17/2003		$12,975.42	$12,715.91	$259.51	$0.00
663	148925		3/21/2003		$6,012.24	$5,892.00	$120.24	$0.00
684	149017		3/21/2003		$19,504.59	$19,114.50	$390.09	$0.00
686	149076		4/1/2003		$11,727.43	$11,492.88	$234.55	$0.00
666	149180		3/25/2003		$5,616.89	$5,504.55	$112.34	$0.00
668	149356		3/21/2003		$2,473.60	$2,424.13	$49.47	$0.00
669	149428		3/31/2003		$10,058.40	$9,857.23	$201.17	$0.00
670	149459		3/31/2003		$10,256.03	$10,050.91	$205.12	$0.00
					Subtotal - Disputed Amount - PACA Eligible Claim:		$2,902.39	$0.00

Amounts listed in the 'Ineligible Portion' are for line items or invoices, as applicable, that the Debtors assert are not eligible for PACA coverage. The Debtors are available to discuss these 'Ineligible Portions' should any claimant wish to do so and will be available to discuss the same prior to the objection deadline. All inquiries should be directed to Charles Cipione at 972-906-8198.

Fleming Companies - PACA/PASA
Detail of Amounts Deemed Incligible in August 18, 2003 Report
Lakeside Foods Inc

ID	Invoice Number	Org	Invoice Date	PO Number	Asserted Amount	Eligible Portion	Ineligible Portion	Unreconciled
Portions Not Eligible for PACA Trust Coverage								
Asserted amounts include claims for items that the Debtors believe are not eligible for PACA Trust coverage. In general, assertions include certain amounts related to modified and/or non-perishable or otherwise ineligible products in addition to PACA eligible items. The Debtors have reduced the total claim amount to exclude amounts associated with items deemed not eligible for PACA Trust								
687	147820		3/11/2003		$8,061.49	$7,841.89	$219.60	$0.00
				Subtotal - Portions Not Eligible for PACA Trust Coverage:			$219.60	$0.00

Amounts listed in the 'Ineligible Portion' are for line items or invoices, as applicable, that the Debtors assert are not eligible for PACA coverage. The Debtors are available to discuss these 'Ineligible Portions' should any claimant wish to do so and will be available to discuss the same prior to the objection deadline. All inquiries should be directed to Charles Cipione at 972-906-8108.

Fleming Companies - PACA/PASA
Detail of Amounts Deemed Ineligible in August 18, 2003 Report
Lakeside Foods Inc

ID	Invoice Number	Org	Invoice Date	PO Number	Asserted Amount	Eligible Portion	Ineligible Portion	Unreconciled
No Supporting Documentation Provided								
Claimants have not provided adequate supporting material to allow for evaluation of claimed amounts in light of the Debtors' financial records or for determination of eligibility of products included therein with respect to PACA Trust coverage. Consequently, the Debtors have deemed these claims as Ineligible for PACA Trust coverage.								
688					$29,521.23	$0.00	$29,521.23	$0.00
					Subtotal - No Supporting Documentation Provided:		$29,521.23	$0.00

Amounts listed in the 'Ineligible Portion' are for line items or invoices, as applicable, that the Debtors assert are not eligible for PACA coverage. The Debtors are available to discuss these 'Ineligible Portions' should any claimant wish to do so and will be available to discuss the same prior to the objection deadline. All inquiries should be directed to Charles Cipione at 972-906-8108.

Fleming Companies - PACA/PASA
Detail of Amounts Deemed Ineligible in August 18, 2003 Report
Lakeside Foods Inc

ID	Invoice Number	Org	Invoice Date	PO Number	Asserted Amount	Eligible Portion	Ineligible Portion	Unreconciled
Unreconciled								
The Debtors have received supporting financial documentation for asserted amounts and are in the process of confirming receipt of associated goods, related payable amounts due and eligibility for PACA Trust coverage.								
662	148909		3/19/2003		$13,152.23	$0.00	$0.00	$13,152.23
685	149806		4/2/2003		$3,420.60	$0.00	$0.00	$3,420.60
						Subtotal - Unreconciled:	$0.00	$16,572.83

Amounts listed in the 'Ineligible Portion' are for line items or invoices, as applicable, that the Debtors assert are not eligible for PACA coverage. The Debtors are available to discuss these 'Ineligible Portions' should any claimant wish to do so and will be available to discuss the same prior to the objection deadline. All inquiries should be directed to Charles Cipione at 972-906-8108.

Fleming Companies - PACA/PASA
Detail of Amounts Deemed Ineligible in August 18, 2003 Report
Lakeside Foods Inc

ID	Invoice Number	Org	Invoice Date	PO Number	Asserted Amount	Eligible Portion	Ineligible Portion	Unreconciled
						GRAND TOTAL:	$32,643.22	$16,572.83

NOTE: Asserted Amount represents product invoice detail claimed and may differ from claimant's total asserted claim. Non-product related claim amounts included in claim assertions (e.g., collection costs, penalties, interest, and other fees) have been deemed ineligible.

Amounts listed in the 'Ineligible Portion' are for line items or invoices, as applicable, that the Debtors assert are not eligible for PACA coverage. The Debtors are available to discuss these 'Ineligible Portions' should any claimant wish to do so and will be available to discuss the same prior to the objection deadline. All inquiries should be directed to Charles Cipione at 972-906-8108.