

# Congress of the United States

Washington, DC 20515

February 12, 2024

Charles Yoon  
Managing Partner  
Bregal Partners  
200 Park Avenue, 45th Floor  
New York, NY, 10166

Dear Mr. Yoon:

We write today – soon after the final sale of the last of bankrupt Blue Harvest Fisheries’ (Blue Harvest) assets<sup>1</sup> – to seek information on the disposition of funds and the failure to pay over \$100 million in debts owed to more than 1,000 independent contractors, businesses, and other creditors.<sup>2</sup>

Bregal’s actions with respect to Blue Harvest have left local small businesses and workers holding the bag after your firm spent years price gouging, mistreating workers, saddling consumers with junk fees, and stripping assets.<sup>3</sup> The September 2023 bankruptcy filing has been described as “little more than a heist staged by . . . Bregal Partners . . . [which] netted a bundle of cash, estimated at about \$100 million, by selling off its most valuable assets in the two years prior to declaring bankruptcy.”<sup>4</sup> According to reports, Bregal Partners “is taking off with the spoils and leaving behind countless small businesses in New Bedford saddled with its debt.”<sup>5</sup>

After its founding in 2015, Blue Harvest rapidly expanded by “acquiring vessels, fishing permits and processing facilities up and down the East Coast” to capture a significant part of New England’s fishing industry.<sup>6</sup> As mergers and acquisitions decreased the number of employers in the fishing industry by over 30% in the past decade, companies like Blue Harvest demanded longer working hours from fishermen while reducing their income and diverting profits that

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<sup>1</sup> The New Bedford Light, “Canastras buy vessels, permits from Blue Harvest bankruptcy,” November 8, 2023, Will Sennott, <https://newbedfordlight.org/breaking-canastras-buy-vessels-permits-from-blue-harvest-bankruptcy/>.

<sup>2</sup> The New Bedford Light, “Blue Harvest bankruptcy leaves millions in unpaid debt to local businesses,” Will Sennott, September 21, 2023, <https://newbedfordlight.org/blue-harvest-bankruptcy-leaves-millions-in-unpaid-debt-to-local-businesses/>.

<sup>3</sup> Pro Publica, “How Foreign Private Equity Hooked New England’s Fishing Industry,” Will Sennott, July 6, 2023, <https://www.propublica.org/article/fishing-new-bedford-private-equity>.

<sup>4</sup> Blue Harvest bankruptcy leaves millions in unpaid debt to local businesses,” Will Sennott, September 21, 2023, <https://newbedfordlight.org/blue-harvest-bankruptcy-leaves-millions-in-unpaid-debt-to-local-businesses/>.

<sup>5</sup> *Id.*

<sup>6</sup> ProPublica, “How Foreign Private Equity Hooked New England’s Fishing Industry,” Will Sennott, July 6, 2023, <https://www.propublica.org/article/fishing-new-bedford-private-equity>.

should have been supporting the local economy.<sup>7</sup> Bregal Partners – the private equity firm that owned 89.5% of Blue Harvest – pocketed Blue Harvest’s profits instead.<sup>8</sup>

Two years ago, Bregal Partners and Blue Harvest reportedly began selling off Blue Harvest’s most valuable assets.<sup>9</sup> By November 2022, Blue Harvest had sold its waterfront processing plant for more than \$20 million<sup>10</sup> and a fleet of scallop vessels and permits for an estimated net gain of \$100 million.<sup>11</sup> After “stripping the company of its assets” and laying off 17 employees, Blue Harvest quietly and abruptly announced its decision to shut down and filed for Chapter 7 bankruptcy in Delaware on September 8, 2023,<sup>12</sup> hundreds of miles away from the New Bedford community. Blue Harvest’s claims that none of its “property appears to be available to pay creditors” and that “[c]reditors cannot demand repayment” are inconsistent with the fact that Bregal Partners netted an estimated \$100 million for itself by selling off assets in the two years prior to declaring bankruptcy.<sup>13</sup>

Rather than using the money to settle the debts owed to the small businesses of New Bedford, Bregal Partners shielded these assets from Blue Harvest’s bankruptcy filing in Delaware and pocketed the profits for itself, as it has repeatedly done throughout its “eight-year roll up of the New Bedford fishing industry.”<sup>14</sup> In addition, independent contractors have revealed that Blue Harvest failed to provide severance payments or any additional information about its closure.<sup>15</sup> Blue Harvest appeared to contribute part of its remaining funds to hiring a private security team to guard its assets – fishing gear and machinery – to prevent companies with outstanding debts from reclaiming their gear or machinery before they auctioned them off.<sup>16</sup>

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<sup>7</sup> *Id.*

<sup>8</sup> The New Bedford Light, “Blue Harvest bankruptcy leaves millions in unpaid debt to local businesses”, Will Sennott, September 21, 2023, <https://newbedfordlight.org/blue-harvest-bankruptcy-leaves-millions-in-unpaid-debt-to-local-businesses/>.

<sup>9</sup> *Id.*

<sup>10</sup> The New Bedford Light, “Blue Harvest to close New Bedford processing plant, lay off 64 workers,” Will Sennott, March 24, 2023, <https://newbedfordlight.org/blue-harvest-to-close-new-bedford-processing-plant-lay-off-64-workers/>.

<sup>11</sup> ProPublica, “How Foreign Private Equity Hooked New England’s Fishing Industry,” Will Sennott, July 6, 2023, <https://www.propublica.org/article/fishing-new-bedford-private-equity>.

<sup>12</sup> The New Bedford Light, “Blue Harvest files for Ch. 7 bankruptcy, company likely to liquidate assets,” Will Sennott, September 11, 2023, <https://newbedfordlight.org/blue-harvest-files-for-ch-7-bankruptcy-company-likely-to-liquidate-assets/>.

<sup>13</sup> The New Bedford Light, “Blue Harvest bankruptcy leaves millions in unpaid debt to local businesses,” Will Sennott, September 21, 2023, <https://newbedfordlight.org/blue-harvest-bankruptcy-leaves-millions-in-unpaid-debt-to-local-businesses/>.

<sup>14</sup> *Id.*

<sup>15</sup> The New Bedford Light, “Blue Harvest files for Ch. 7 bankruptcy, company likely to liquidate assets,” Will Sennott, September 11, 2023, <https://newbedfordlight.org/blue-harvest-files-for-ch-7-bankruptcy-company-likely-to-liquidate-assets/>.

<sup>16</sup> The New Bedford Light, “Blue Harvest bankruptcy leaves millions in unpaid debt to local businesses,” Will Sennott, September 21, 2023, <https://newbedfordlight.org/blue-harvest-bankruptcy-leaves-millions-in-unpaid-debt-to-local-businesses/>.

In November 2023, “the final chapter in the saga,” Blue Harvest’s vessels and permits were liquidated for \$12 million.<sup>17</sup> The sale was finalized to Cassie Canastra of C&P Trawlers and Charles “Butch” Payne, co-owner of C&P Trawlers, keeping vessel operations in New Bedford.<sup>18</sup> While we are glad these assets are remaining in the community, the \$12 million payment “does not cover all Blue Harvest’s debts. The banks [, which alone are owed more than \$22 million,] ... will recover about \$10 million.”<sup>19</sup> Most importantly for Massachusetts, “Blue Harvest also owed millions to many small businesses on the New Bedford waterfront, none of which will be made whole.”<sup>20</sup>

After years of putting private equity profits ahead of workers and small businesses, Bregal Partners – which owned and stripped Blue Harvest of its assets – owes the community an explanation. Your actions have harmed New England’s fishing industry and left over 1,000 independent contractors, businesses, and other creditors saddled with debt. We therefore ask that you answer the following questions no later than February 26, 2024:

1. How many workers, businesses, and other contractors did Blue Harvest have employed when it closed in September 2023?
  - a. What percent of contractors received notice of the company’s closure?
  - b. What percent of contractors received less than one week’s notice?
  - c. What percent of contractors received less than two weeks’ notice?
  - d. What percent of contractors received less than one month’s notice?
  - e. What percent of contractors received more than one month’s notice?
2. When Blue Harvest filed for bankruptcy in September 2023, how many small businesses or other contractors did Blue Harvest owe outstanding payments to?
  - a. What was the total amount of these outstanding payments?
  - b. Will Bregal Investment make any additional efforts to pay these debts? If so, how will it do so?
3. Does Blue Harvest have any remaining assets in the wake of the November 8 auction? If so, what is the value of these assets, and what will the company do with these assets?

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<sup>17</sup> The New Bedford Light, “Canastras buy vessels, permits from Blue Harvest bankruptcy,” Will Sennott, November 8, 2023, <https://newbedfordlight.org/breaking-canastras-buy-vessels-permits-from-blue-harvest-bankruptcy/>.

<sup>18</sup> Will Sennott, “Canastras buy vessels, permits from Blue Harvest bankruptcy,” *The New Bedford Light*, November 8, 2023, <https://newbedfordlight.org/breaking-canastras-buy-vessels-permits-from-blue-harvest-bankruptcy/>; C&P Trawlers, “C&P Trawlers Statement on the Acquisition to Buy Blue Harvest Vessels and Permits,” *Saving Seafood*, November 9, 2023, <https://www.Savingseafood.org/news/economic-impact/cp-trawlers-statement-on-aquisition-of-blue-harvest-vessels-and-permits/>.

<sup>19</sup> The New Bedford Light, “Canastras buy vessels, permits from Blue Harvest bankruptcy,” Will Sennott, November 8, 2023, <https://newbedfordlight.org/breaking-canastras-buy-vessels-permits-from-blue-harvest-bankruptcy/>.

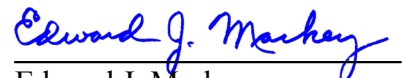
<sup>20</sup> *Id.*

4. Which specific company assets were sold by Blue Harvest – including its waterfront processing plant and any part of its fleet – from 2015 to the present?
  - a. Please list each individual asset sale, including specific information on the date of the sale, what was sold, and how much the company received.
  - b. For each sale, please provide information on the ultimate disposition of funds received. What percentage of the funds from these asset sales went to Bregal Investments or individuals affiliated with Bregal?
  
5. What other profits – aside from sales of assets – did Blue Harvest earn in each year from 2015-2023?
  - a. Please provide annual profit information for each year since 2015.
  - b. What percentage of these profits went to Bregal Investments or individuals affiliated with Bregal?
  - c. Who or what entity received the rest of the profits?
  
6. 11 U.S.C. 548 states that a transfer made within two years before a bankruptcy petition is filed may be avoided if the debtor (a) made such transfer with intent to hinder, delay, or defraud potential creditors, or (b) received less than a reasonably equivalent value in exchange for such transfer or obligation, and met one or more other characteristics.
  - a. Please detail any transfers of assets between Blue Harvest and Bregal Partners in the two years prior to Blue Harvest’s Chapter 7 filing.
  - b. Please explain whether each of the transactions listed in answer to 6(a), as well as any transactions between Blue Harvest and Bregal Partners in connection with the sales listed in answer to 4(a) above, fall within 11 U.S.C. 548 or other provisions relating to fraudulent transfers in bankruptcy, and why.
  
7. Why did Blue Harvest, a company based in New Bedford, file for bankruptcy in the District of Delaware?
  - a. As January 1, 2023, what were the locations of Blue Harvest’s principal place of business and principal assets (not including cash or cash equivalents)?
  - b. As of September 8, 2023, what were the locations of Blue Harvest’s principal place of business and principal assets (not including cash or cash equivalents)?

Sincerely,



Elizabeth Warren  
United States Senator



Edward J. Markey  
United States Senator

*William R. Keating*

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William R. Keating  
Member of Congress