NO JOBS, NO PAYCHECKS

AMERICAN SEAFOOD SHUTS DOWN OPERATIONS AND LEAVES A LOT OF PEOPLE UNPAID. IS THIS THE END OF WHAT ONCE WAS AN INNOVATIVE ENTERPRISE?

□ THE FUTURE OF AMERICAN Seafood Inc. is very much in doubt following the closure of its Iberia Parish plant; its failure to pay employees, crawfish farmers, fishermen and suppliers; and the apparent collapse of its Mexican crawfish processing operation.

When the company laid off over 200 of its 350 workers, numbering about 200, on June 16, it was widely assumed in Iberia Parish that the plant shutdown was just a temporary result of the end of the crawfish season. But American Seafood's 35 full-time employees were also laid off, and the closure became clear June 22, when the workers returned to pick up their paychecks and found the gates padlocked with no company official around.

As The Times went to press Monday, no company officials could be reached or were available. American Seafood President Andris Sundquist referred questions to Richard Dunham of Baton Rouge, whom Sundquist said holds 80 percent of the company's stock. Dunham did not return a telephone call from The Times, "I don't know what's going to happen myself." The annual Seafood Festival was canceled.

Iberia Parish officials were caught by surprise. New Iberia Mayor Bobby Bodin said he was unaware of the shutdown until being contacted by a reporter early Friday afternoon. Roy Hollemann, president of the Iberia Parish Development Foundation, said he first heard about the closure on Wednesday. Immigration agents also were unaware, according to the Daily Bulletin City Council meeting. "A city councilman said, 'I heard American Seafood closed,' and I said, 'Well, I'm sure it's just for the season if they did.'"

Hollemann said Monday he had been able to reach American Seafood officials and was trying to work with them and American Bank to get the plant back up and running. "I'm sure they were prepared for the loss," he said.

AMERICAN SEAFOOD, WHICH HAD been operating in Iberia Parish since late 1987 when it bought property at Acadia Parish, had been a much-watched company for a number of reasons. Its original intent was to serve the demand of the European markets for large and appetizing crawfish. As an innovative new business trying to capitalize on the developing Louisiana crawfish industry, it was welcomed to economically depressed Iberia Parish.

But when American Seafood turned to Mexican crawfish in March, the company met with charges that it was taking jobs away from Iberia Parish residents and damaging the entire Louisiana industry. Crawfish were shipped into Mexico to cross the border to a plant in Piedras Negras, Mexico, where they were peeled, iced and packed before being shipped back to Iberia Parish. The labor costs of using Mexican workers were substantially cheaper, allowing American Seafood to undercut its Louisiana competitors in price. Last month, company officials held a press conference to defuse negative publicity about the company and announce plans for a second plant in Mexico.

AMERICAN SEAFOOD BAN INTO financial problems. "I was concerned since early April. I didn't like the way the management was going," says Elmer Guidry, owner of Catfish Wholesale of Kaplan, which was one of American Seafood's suppliers, "I was concerned about five weeks ago. Guidry co-owns Chez Sidney, a processing plant in Catahoula. In Guidry's opinion, American Seafood's problem is not its contract with Mexican suppliers, but the operation, management and overall plants.

Suppliers to American Seafood were called to a meeting with Sundquist shortly before news of closure broke. One supplier who spoke with The Times said they were told that there were problems with a loan to the company by the New Orleans bank and that the Mexican plant had been ransacked.

According to Jim Rich, owner of Catfish Wholesale of Kaplan, which was one of American Seafood's suppliers, the company was behind on its loan payments to the New Orleans bank. (An official associated with the American Bank's loan workout department declined comment.) Rich said, "The failure of the company to meet its latest payroll by ransacking the plant. The plant manager went into hiding. "It would be pretty tough to get a peeling operation in Mexico again," Rich says. "There is no plant in Mexico now."

The Mexican union involved with the plant was a factor leading to the downfall of the operation, Rich says, because workers had to be paid whether or not there were crawfish to be peeled. "The peeling operation really wasn't as efficient as it would have been," he says. Elmer Guidry says he doesn't blame the Mexicans for going on a rampage when the company didn't make payroll. "If they didn't have a hurricane fence in New Iberia, [the workers in New Iberia] would have gotten hostile too."

Because of the problems in Mexico early in the week of the layoffs, shipments of crawfish weren't coming back to the United States, according to Terry Guidry, owner of Catahoula Seafood. Catahoula Seafood itself lost 20,000 pounds that Guidry didn't think he'd ever recover. "If they had known things were coming down, they could have saved me a few dollars," he says.

Some employees who had been paid recently reportedly discovered that financial institutions would not honor their paychecks. There were also reports of checks bouncing. Other creditors will be hurt as well, says Terry Guidry. "They left a lot of fishermen hanging," he says.

Rich says some suppliers have taken a loss and some have come out even. Under Catfish Wholesale's arrangement American Seafood was paying Catfish Wholesale back for crawfish, then Catfish Wholesale was buying back the finished peeled product on its return from Mexico. About two weeks ago Rich says, he quit paying American Seafood because the company owed him much more than he owed it. "I'm knowing I'll never be paid," he says.

Elmer Guidry says people will have to be paid regardless of the company's future. "Sundquist will have to do something about it. You're supposed to pay people when they work for you," he says. "I have a lot of friends that they owe."

There was a possibility that American Seafood may not be closed for long. "I have been told the company was trying to work out its financial problems with the New Orleans bank," he says. However, the recent developments are a damaging blow to the crawfish industry as a whole. "I see this as a setback for the crawfish industry," Rich says. "It's really terrible."

--MARCELLE TESSIER and JANE NICOLE