

LaBule's

LaBule's Boulangerie Bakery Inc. is a New Hampshire corporation with a large industrial bakery in Portsmouth, N.H. It makes frozen baguettes, ciabattas, other breads, and pastries primarily for its 1,500 food service clients from Bangor Me. to Boston with a number of fine food service establishments as far away as Connecticut. In the past 5 years, many food service establishments have transitioned from fresh bread to frozen bread and pastries because of the attendant reduction in waste and cost savings. LaBule's has grown from a small local bakery to a food service giant in those 5 years. LaBule's now ships more than 100 tons of bread a week to clients throughout New England. Customers include restaurant chains such as Hard Rock Café, Chili's, and UNO Chicago Grill. Its retail stores are in Portsmouth and on Newbury Street in Boston.

Industry analysts say serving frozen bread in restaurants became widespread in the late 1990s. The trend has grown as the economy has suffered and there have been improvements made to the products. While fresh bread sales in the U.S. by wholesale bakeries declined by 4.5 percent to \$6.55 billion in 2009, frozen baked bread sales rose 10 percent to \$137.5 million during the same period. This growth has fueled LaBule's interest in establishing wholesale bakeries in Chicago and Las Vegas. They have taken preliminary steps to investigate opening bakeries there in the next 5 years when the economy improves.

However, not everyone is on the frozen bread bandwagon. John Kessen of Los Angeles California visited Boston on a business trip. He had stumbled across LaBule's website while he was searching for things to do in Boston. The website offers no product for purchase over the internet, but the pictures of the store, its products, and recipes interested him so he put the contact information and address displayed on the website into his Iphone's GPS to locate the store upon his arrival in Boston. He found the baguettes delightful and took a number of the products home to his family in L.A.

His wife Shonda, son Braden and he ate the products. They became violently ill. Each of them was hospitalized for four days with severe diarrhea and convulsions from salmonella after eating the products. John and Shonda recovered quickly after that but Braden suffered a lack of oxygen at some point and now has minor brain damage. The family dog, Major, died from eating the bread.

Unfortunately LaBule's had been buying its eggs from DeCoster Egg Farms of Turner, Maine and Podunk Iowa. DeCoster is a large national food processor that has had frequent problems with the F.D.A. In ordering a recall of more than half a billion eggs, the head of the Food and Drug Administration said, "DeCoster Egg Farms was not operating safely before the salmonella outbreak. There's no question that DeCoster was not operating with the standards of practice that we consider responsible, luckily we were able to limit the salmonella outbreak to a few families in California, New Hampshire and Nevada."

The Kessens visit you to discuss how to proceed. What is your advice to them?