



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



RODIAN RASKOLNIKOV is a poor student in St. Petersburg who believes himself to be extraordinary. He feels, to be the extraordinary man he can be, he is justified in killing the old lady pawnbroker that lives in the flat above him. He kills her & her sister; stealing her money & valuables. Despite feeling justified, Rodian becomes racked with guilt & becomes physically & mentally ill. As suspicion mounts, he becomes fearful, his mental illness mounts & he finally cracks. He is imprisoned, but does not repent until realizing that life takes hard work to live extraordinarily. Such is the plot of Dostoevsky's *Crime & Punishment*, written in an era when crime did not pay.

OR DOES IT? At some point in time, there rose the idea that the structure of society led to people becoming criminals. This idea seemed to gain traction in the USA in the 1930s, as the depression drove unemployment to historical levels, men left the home in search of work, the family structure collapsed & criminals – *Dillinger, Bonnie & Clyde, Baby Face Martin* & others - were presented in the media as mythical heroes. Literature, plays & especially movies portrayed young criminals as a victim of the societal system; movies such as *Mayor of Hell, Crime School, Dead End, Angels with Dirty Faces & Boys Town*. In *Boys Town*, Spencer Tracy portrayed Father Flanagan, who believed, "*There is no bad boy...*," & that the social environment was the cause for crime. In the 1949 Nicholas Ray noir classic, *Knock on Any Door*, Humphrey Bogart, playing slick attorney Andrew Morton, takes the case of Nick Romano, who shot a policeman point blank. Morton feels he owes Nick; Morton's law partner had botched Nick's dad's criminal trial years earlier, sending the elder Romano to jail. Nick then took to crime, wanting to "*Live fast, die young & leave a good-looking corpse.*" Morton, from the slums himself, fights hard for Nick; blindly believing in Nick's innocence until Nick cracks & pleads guilty to the crime. Morton pleads before the jury for mercy, to no avail, by saying, "*Knock on any door & you will find a Nick Romano!*" But isn't this an insult to every Nick Romano who did not choose a life of crime? From American journalist H.L. Mencken, "*The common argument that crime is caused by poverty is a kind of slander on the poor,*" & French philosopher Jean de la Bruyere, "*Poverty may be the mother of crime, but lack of good sense is the father.*" It seems as a society today we not just forgive crimes, we make them acceptable. Cities allow shoplifters to steal as much as they want, even changing the law to say shoplifting below large amounts like \$900 is not a crime. They force store owners to lock up goods, accept shrinkage & loss, & not surveil, stop or charge shoplifters. Many stores close, not just because of theft, but because the safety of workers & customers cannot be guaranteed. Prosecutors refuse to seek bail or even charge criminals. When a law-abiding citizen steps in to stop a theft or an act of violence on the street, subway or even in their own home or business, it is often they who are prosecuted & not the evil doer. These are signs that society has lost the concept of certain moral certitudes. Political scientist James Q. Wilson felt, "*Crime is the price society pays for abandoning character,*" & from Roman poet Horace, "*We are often deterred from crime by the disgrace of others.*" Small crimes lead to big crimes when there is no policing, enforcement or prosecution. From Hawthorne, "*Every crime destroys more Edens than our own,*" & Ovid, "*Where crime is taught from early years, it becomes a part of nature.*" Edmund Burke reminds us, "*Crimes lead into one another. They who are capable of being forgers, are capable of being incendiaries.*" The inaction of district attorneys to prosecute, increases crime on the street & makes them culpable. From Publilius Syrus, "*He who helps the guilty, shares the crime.*" It is difficult to enforce law on the street when laws are ignored at the highest levels of government. In despotic, totalitarian societies, leaders blatantly ignore the law to increase their power & wealth. They also bastardize the law to charge their political enemies & dissenters with made up crimes. History illustrates how despotic societies – communism, socialism, fascism – rely on an underbelly of criminals on the street to gain & hold their power. They use crime to prove that society is broken & needs to be changed, but instead of fixing the problem, condemn those who do not adhere to their beliefs. Seneca the Younger saw this, "*... crime is dignified with the name of virtue; the good become the slaves of the wicked; might makes right; fear silences the power of the law.*" Curbing crime at all levels of society & government is not difficult, from Senator & Attorney General Bobby Kennedy, "*Every society gets the kind of criminal it deserves. What is equally true is that every community gets the kind of law enforcement it insists on.*"

INDUSTRY NEWS: Keurig Dr Pepper invested \$300M for a 33% stake in *La Colombe Coffee*, will distribute *La Colombe* & manufacture & distribute *La Colombe* branded K-cups. *Seven Sundays* raised \$6M led by private investors with *Sidekick Partners, Clover Vitality, GRTSHT Ventures* & other private investors involved. *Erewhon* has made a strategic equity investment in *Zuma Valley*, coconut-based whipped cream. Mexico City-based *Amplifica Capital* invested in California-based beanless

coffee brand *Minus. Botanica*, a maker of cannabis-infused edibles, raised \$9M led by *KEY Investment Partners & Green AXS Capital*. *Gaia Tech* closed a pre-seed round for its agricultural byproduct cosmetic ingredients from *Venture Kick & others*. *Symrise* made a minority investment in *Bonumose* to accelerate developing sugar reduction products. *Atlas Credit Partners* provided a \$100M strategic growth capital facility investment to *Hyperice*, high-performance wellness brand. Botinkit, stir-frying kitchen robotics system, raised \$13M from *5Y Capital, Brizan Venture & others*. Saudi *Kaso* raised \$10.5M for its restaurant procurement platform from *BY VP, Hala Ventures, Seedra Ventures & others*. *Rice Robotics* raised \$7M for its delivery bot & expansion into Japan. Irrigation tech firm *N-Drip* raised \$44M led by *Liechtenstein Group*. *CubicAcres* raised \$3.7M & will partner with *Intelligent Growth Solutions* to build a fully automated farm on Long Island. *Brynwood Partners* is buying *Marie's* salad dressing & *Dean's Dip* from *Ventura Foods*; they will be part of *West Madison Foods*. *Entrepreneurial Equity Partners* bought frozen breakfast foods manufacturer *MBC Companies* from *Encore Consumer Capital*. *Bimbo Bakeries* acquired *National Choice Bakery* in South St. Paul, MN; terms not disclosed. *AgroFresh Solutions*, post-harvest produce freshness solutions, acquired *Tessara*, a post-harvest solutions provider, from global investment firm *Carlyle*, increasing *AgroFresh's* footprint in food waste reduction & freshness solutions. *John Deere* acquired *Smart Apply*, precision air-blast sprayers to improve performance in orchards, vineyards & tree nurseries. *AppHarvest's* Morehead, KY, facility is facing foreclosure as *Rabo AgriFinance* is demanding a \$47M of a 2021 credit facility. Omaha-based *Grit Road Partners* closed an \$11M fund for agtech startups solving problems for Midwest US agricultural producers. The former senior directors of *Mondelez's SnackFutures & Nielsen's Innovate Fund* launched an \$80M AgriFood VC, *Flora Ventures*, to invest in early stage European & Israeli FoodTech.

A San Francisco *Walgreens* chained its freezers shut as shoplifters rob the store 20 times per day. Two *Save A Lot's* of an 11 store Kansas City chain franchise will close due to theft & crime. *Costco* will build its largest store in Fresno, 241K sq. ft. *Amazon* sold more than 375M items on prime day. *Whole Foods* will deploy *Amazon One* palm tech chainwide. *Schnucks* will implement *Caper Cart's* new smart cart. *7-Eleven* will roll out an upgraded coffee program & add 150 new private label products. *7-Eleven* will take applications for its start-up program to help small brands reach the c-store's shelves. *Brandjectory*, the leading connection platform for emerging CPG brands to build their business & connect with CPG investors, announced that applications are open for its 2023 Pitch Slam. *Getir* is closing its UK warehouses amid rumors of insolvency in Britain. Doing what totalitarian states do, the Russian government will temporarily seize control of *Danone's* unit in the country, as well as *Carlsberg's* local brewer, *Baltika*. *MGP Ingredients* has announced it will cease operations at its Atchison, KS plant this year. *Climax Foods* is partnering with *Benchling*, using *Benchling* AI-driven data platform that can determine ingredients from 300K edible plants that offer value for its plant-based cheeses. *Nestlé* has rolled out a new technology which it claims can reduce the sugar content of ingredients by 30%. *Ambrosia Bio & Ginkgo Bioworks* will partner on enzymes used to convert feedstock into allulose. Mycelia-producer, *Mycotechnology*, has derived an alternate sweetener from honey truffles. *Kemin* has developed a new functional protein that will cut the fat & manufacturing costs of battered, breaded & fried foods while retaining flavor & crunch. *TraceGains* added *Supplier Management Pro* to its *Gather* platform to centralize & optimize supplier documentation & data for emerging brands & others. *The American Dairy Association Mideast* awarded *Pearl Valley Cheese* as the Grand Champion at the *Ohio State Fair Cheese Contest* on the basis of their Swiss cheese. *Daily Harvest* plans to launch in *Kroger*. *Applegate* introduces its first breakfast offering, *Naturals Frittata Bites*, available in the frozen food aisle at *Sprouts*. Indoor farm *Edible Garden* will expand its relationship with *Walmart*. *Bowery*, indoor grown greens, is expanding its availability through *Amazon Fresh*. Price fixing charges are being restored against *Pilgrim's Pride*. Interim CEO John Ruane was officially announced a *Giant's* president. Greg Hughes, formerly of *Kraft & Procter & Gamble*, is now CEO at *Beam Suntory*.

Among *Google* search trends for food, *Kantor* identified brain health, gut health, protein & precision nutrition among the leading searches. The grocery industry recorded a margin loss of \$298M on their digital business in 2022, according to *Incisiv, FMI – The Food Industry Association & Relx Solutions*, with \$23B lost due to unavailable products or substitutes. *SymphonyAI Retail CPG* found that 52% of eCommerce grocery shoppers left the online channel over the last year as 60% have returned to the retailer's brick-and-mortar with 40% leaving the retailer altogether. From *Placer.ai*, California leads the nation in grocery store foot traffic growth. From the *NRF*, inflation will continue to cripple USA families as back-to-school spending this year is expected to reach a record \$41.5B, up from \$36.9B in 2022 while back-to-college spending is expected to hit \$94B, \$20B more than 2022's record. From *FMI*, bakery sales are higher in unit & dollar sales, up 7.4% & 14.4%, respectively YOY. Also, 95% of shoppers frequent the in-store bakery at least occasionally & 63% do so weekly with dollar sales higher for muffins (24.2%), cupcakes (23.6%) & cookies (21.7%). Wheat prices rose as Russia will no longer guarantee safe passage of Ukraine wheat shipments in the Crimea

MARKET NEWS: Markets were mixed this week as tech stocks fell. Retail sales missed June estimates.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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