

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS

In re: ROBERT THOMAS LAMPE, Debtor.	Case No. 16-10621 Chapter 11
In re: MARIAH FARMS, INC., Debtor.	Case No. 16-10622 Chapter 11
In re: WHIRLWIND FARMS, INC., Debtor.	Case No. 16-10623 Chapter 11

COMBINED DISCLOSURE STATEMENT DATED NOVEMBER 21, 2016

Robert Thomas Lampe, the debtor and the debtor in possession in Bankruptcy Case No. 16-10621, (herein referred to as “**Robert**”), Mariah Farms, Inc., the debtor and the debtor in possession in Bankruptcy Case No. 16-10622, (herein referred to as “**Mariah**”), and Whirlwind Farms, Inc., the debtor and the debtor in possession in Bankruptcy Case No. 16-10623, (herein referred to as “**Whirlwind**”), (for convenience, sometimes herein Robert, Mariah, and Whirlwind will be collectively referred to as the “**Debtors**”), hereby submit this *Combined Disclosure Statement Dated November 21, 2016*, (herein referred to as “**this Disclosure Statement**”), in each of the above-

captioned bankruptcy cases in conjunction with the *Combined Chapter 11 Plan of Reorganization Dated November 21, 2016*, (herein referred to as the “**Plan**”), filed in each of such bankruptcy cases.

1. Definitions.

For the purposes of this Disclosure Statement, all of the terms defined in Article II of the Plan shall have the same meanings when used in this Disclosure Statement and therefore such definitions are hereby incorporated herein by this reference. In supplementation of such terms, the following term shall have the following meanings:

“Bar Date” – The date on or before which Creditors who believe they may hold a Claim against the Debtors, or either of them, and whose Claim: (a) Does not appear in the Debtors’ bankruptcy schedules; or, (b) Is improperly scheduled in the Debtors’ bankruptcy schedules (including as to the amount of the claim) including all amendments; or, (c) Is scheduled but characterized as “disputed,” “contingent,” or “unliquidated;” is required to file a proof of claim with the Clerk of the Bankruptcy Court or be forever barred from claiming or sharing in any interest or distribution of the assets in the bankruptcy estate of this bankruptcy case and shall also be barred from voting whether to accept the Plan.

“Impaired Class” – A class with Claims whose legal, equitable, and contractual rights are altered under the Plan.

2. Background.

On April 12, 2016: (a) Robert filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code commencing Bankruptcy Case No. 16-10621; (b) Mariah filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code commencing Bankruptcy Case No. 16-10622; and, (c) Whirlwind filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code commencing Bankruptcy Case No. 16-10623. On June 9, 2016, proper orders were entered in Bankruptcy Case No. 16-10621, Bankruptcy Case No. 16-10622, and Bankruptcy Case No. 16-10623 providing for the joint administration of the above-captioned bankruptcy cases but such bankruptcy cases have not been substantively consolidated.

3. The Debtors.

Robert has been involved in farming all of his life. At the age of 14, Robert purchased his first real estate and still owns and farms that tract which is listed as Item No. 8 in the Combined Liquidation Analysis which is attached to the Plan as Exhibit "B." Robert's father, John, worked with him farming until John passed away in 1984.

In 1978, Robert formed Whirlwind. Whirlwind in a C corporation for federal income tax purposes. Robert is the sole officer, director, and stockholder of Whirlwind. In 1993, Robert and his mother, Clara, formed Mariah. Mariah is a Sub-Chapter S corporation for federal income tax purposes. Clara passed away in 2008 and after her death, Robert became and remains the sole

officer, director, and stockholder of Mariah. Robert will retain all of his capital stock in Mariah and in Whirlwind under the Plan.

The Debtors, and each of them: (a) Are farmers within the meaning of §101(20) of the Bankruptcy Code; and, (b) Produce crops and livestock near Kendall, Kansas. In addition to farming the real estate which the Debtors own and which is listed in Combined Liquidation Analysis attached to the Plan, the Debtors also farm 3,274 acres of cropland and lease an additional 700 acres of pasture as part of their livestock operations.

4. Factors Precipitating the Chapter 11 Filings.

The two years prior to 2015 were very dry years in the areas where the Debtors farm. But in 2015, the Debtors had one of the largest wheat harvests that Robert can remember. The Debtors' continuous wheat acres produced an average of 47 bushels per acre which would normally be expected to produce around 30 bushels per acre. On summer fallowed ground, the wheat harvest averaged 75 bushels per acres as compared with the normal production of around 43 bushels per acre. But the extremely depress grain markets left such a bumper crop less than satisfying.

However, the Debtors were not alone in this experience. In 2015, the agricultural sector of the economy in Kansas experienced some very substantial negative setbacks. In Kansas, the average net farm income for the year of 2015 plummeted to \$4,568.00 which is less than five percent (5%) of the average net farm income of \$128,731.00 for the previous year of 2014. See Mary Lou Peter, *Kansas net farm income plummets, weighted down by falling grain and livestock prices* (Released

June 16, 2016) <<http://www.ksre.k-state.edu/news/news-stories/ag-natural-resources/>>. This level was the lowest average level of nominal net farm income seen since 1985 during the 1980s farm crisis. *Id.* This has had a very large adverse effect on farm equipment values and land values. *See* Mario Parker, *Deere Cuts Full-Year Profit Outlook Amid Farm Income Decline* (Posted May 20, 2016) <<http://www.vnews.com/Deere-cuts-full-year-profit-outlook-amid-farm-income-decline-2302871>>. These set backs adversely affected the Debtors in their farming operations. These are the economic factors which led to the Debtors filed the above-captioned bankruptcy cases.

5. Major Events in Bankruptcy.

During the crop year of 2016, the Debtors were able to continue to operate pursuant to a cash collateral agreement which involved Debtors, The Farmers Bank of Osborne, Kansas, (herein referred to as “*Farmers Bank*”), Skyland Grain, LLC, and a very large landlord of the Debtors. Under that cash collateral agreement, \$714,284.68 was made available for such operations. Whether a comparable financing arrangement will be available to the Debtors in the coming year is not yet certain.

6. Financial Condition of the Debtors.

The Debtors propose to value their property as set forth in the Liquidation Analysis attached to the Plan as Exhibit "B" which is incorporated herein by this reference. Such Liquidation Analysis contains a detailed listing of all of the liens and other claims involved in these bankruptcy cases and

give a fairly detailed picture of the present status of the Debtors and the Debtors' proposed treatment of all of the claims involved in these bankruptcy cases. The Debtors propose to fund the execution of the Plan by continuing the Debtors' businesses and employments, and to make the payments provided for under the Plan out of the income arising from such activities. The feasibility of the Plan is evidenced by the *Farm Cash Flow Projection*, a copy of which is attached to the Plan as Exhibit "W" and incorporated herein by this reference.

7. Confirmation.

Pursuant to the terms of the Bankruptcy Code, acceptance of the Plan by holders of claims or interests may not be solicited unless, at the time of or before such solicitation, there is transmitted to the holder, a copy or summary of the Plan and a written disclosure statement approved by the Court as containing adequate information. Provided that at least one Class of Impaired Claims vote in favor of the Plan, if any Class or Classes of Creditors whose Claims are Impaired fails to accept the Plan, it may still be confirmed under the "cramdown" provisions of §1129(b) of the Bankruptcy Code. These provisions require that the Plan be fair and equitable as to the objecting Class. As to secured creditors, the fair and equitable rule requires that they receive the indubitable equivalent of their Claim or that they retain their lien(s) and receive deferred cash payments equal to the value of their interest in property involved in the Bankruptcy Cases. The Debtors believe that the Plan meets these requirements and hereby requests confirmation under §1129(b) if one or more Classes fail to accept the Plan.

In order to vote on a Plan, a creditor or holder must have filed a proof of claim or interest prior to the expiration of the “Bar Date,” unless the Claim is scheduled by the Debtors and it is not stated in the schedules as disputed, unliquidated or contingent. An order establishing the Bar Date as being July 15, 2016, was entered in the above-captioned bankruptcy cases. Any creditor scheduled as undisputed, liquidated and not contingent is, to the extent scheduled, deemed to have filed a claim. In order for the Plan to be accepted by creditors, a majority in number and two-thirds (2/3) majority in amount of Claims filed, allowed (for voting purposes) and voting in each Impaired Class of Creditors must vote to accept the Plan. In order for the Plan to be accepted by interest holders, a two-thirds (2/3) majority in amount of interest allowed (for voting purposes) and voting in each Impaired Class of interests must vote to accept the Plan. If the Debtors are unable to obtain the requisite acceptance, they may be able to obtain confirmation of the Plan, despite the non-acceptance of one or more Classes pursuant to 11 U.S.C. §1129(b) as discussed more fully above.

A creditor or interest holder may vote on the Plan by filling out and mailing the enclosed ballot which the Court has provided. The Court has set a deadline for voting that will be separately noticed out to you; no vote received after the time set forth in that notice will be counted nor included in the tally in any manner. Whether a creditor or interest holder votes on the Plan or not, such Claim holder will be bound by the terms of the Plan if the Plan is confirmed. You are, therefore, urged to complete, date, sign, and promptly mail or send the ballot to David R. Klaassen, Attorney at Law, 2649 6th Avenue, Marquette, Kansas 67464.

NO REPRESENTATIONS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN ARE AUTHORIZED BY THE DEBTORS. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT OR THE PLAN SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE PLAN ARE MADE AS OF THE DATE OF NOVEMBER 21, 2016, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT AND THE PLAN DOES NOT IMPLY THAT THERE HAVE BEEN NO CHANGES IN THE INFORMATION SET FORTH IN EITHER SINCE SUCH DATE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT A CAREFUL AND DETAILED REVIEW OF THE PLAN BY EACH HOLDER OF A CLAIM.

Respectfully submitted,

DEBTORS:

November 21, 2016

s/ Robert Thomas Lampe

Robert Thomas Lampe

Mariah Farms, Inc.

November 21, 2016

By: **s/ Robert Thomas Lampe**

Robert Thomas Lampe, President

Whirlwind Farms, Inc.

November 21, 2016

s/ Robert Thomas Lampe

Robert Thomas Lampe, President

ATTORNEY FOR THE DEBTORS

November 21, 2016

s/ David R. Klaassen

David R. Klaassen

Kansas Supreme Court #11738

Attorney at Law

2649 6th Avenue

Marquette, Kansas 67464

Ph: (785) 546-2358

Fx: (785) 546-2528

drklaassen@ks-usa.net