

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WISCONSIN

In re:)
)
SCHROEDER BROTHERS FARM) Case No. 16-13719-cjf
OF CAMP DOUGLAS LLP,)
) Chapter 11
Debtor.)

**UNITED STATES TRUSTEE OBJECTION
TO DEBTOR'S DISCLOSURE STATEMENT**

The United States Trustee, Patrick S. Layng, by his attorney, Thomas P. Walz, hereby objects to approval of the Debtor's Disclosure Statement dated December 20, 2017 (Dkt 127) ("the Disclosure Statement") because it does not provide "adequate information" as that term is defined in Section 1125(a)(1). In support of the objection, the United States Trustee alleges that the Disclosure Statement should be amended to provide the following additional information:

1. The Debtor has incurred substantial losses while this case has been pending. The profit and loss statement included in Debtor's most recent operating report, for November 2017, states that the Debtor had a net loss during the first 11 months of 2017 of \$191,004.49.

2. Since this case was filed, the Debtor has not had sufficient cash flow to pay its current expenses. Debtor's most recent operating report includes a summary of Debtor's accounts payable, which states that Debtor has incurred over \$167,000 of unsecured, post-petition liabilities since this case was filed (not including professional fees), and a bank statement which shows that the Debtor has less than \$6,000 of cash on hand.

3. Debtor's milk production is not increasing, and will not reach \$120,000 per month, as suggested in Article IV of the Disclosure Statement. Debtor's operating report for November 2017 states that the Debtor had average milk sales during the first 11 months of 2017

of approximately \$70,000 per month, but that Debtor's milk sales during November 2017 were only \$46,659.

4. The Debtor has not filed its operating report for December 2017, which was due on January 21, 2018.

5. Contrary to what is stated in Article XII, there are two alternatives to confirmation of Debtor's Plan which would result in a more favorable distribution to the unsecured creditors. Debtor's Liquidation Analysis (Dkt 124) states that, if Debtor's assets were sold, there would be more than enough sale proceeds to pay all of the unsecured creditors in full. Accordingly, based upon Debtor's own Liquidation Analysis, either a Section 363 sale of the Debtor's assets, or conversion of this case to Chapter 7 would result in payment of the unsecured creditors in full (with interest) long before the five-year payment period offered in Debtor's Plan.

WHEREFORE, the United States Trustee requests that the Court deny approval of Debtor's Disclosure Statement unless it is revised to include the information described above, and grant any additional relief appropriate under the circumstances.

Dated: January 30, 2018

Respectfully submitted,

PATRICK S. LAYNG
United States Trustee

BY: /s/ Thomas P. Walz
THOMAS P. WALZ
Attorney for United States Trustee

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