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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WISCONSIN

FILED
MAR 26 1985
CLERK
U.S. BANKRUPTCY COURT

In re: Case Number:
DAVID A. KOCH EF11-83-01828
CAROL A. KOCH

Debtors.

FINDINGS OF FACT, CONCLUSION OF LAW
AND
ORDERS OF PAYMENT

Production Credit Association of Chippewa Falls (PCA), by Attorney Peter F. Herrell, having filed a motion to enforce payment order; and a hearing having been held; and PCA appearing by counsel; and Debtors David A. and Carol A. Koch appearing in person and by Attorney Terrence R. Spaeth; the Court, being fully advised in the premises, FINDS THAT:

1. In October of 1984, the Debtors' standing 1984 corn crop and the remnants of the Debtors' harvested 1983 hay crop were sold at auction--the corn for \$500, the hay for \$271. The proceeds of said sale are in the Debtors' attorney's trust account.
2. PCA has a perfected security interest in the Debtors' "harvested and processed crops; feed; seed . . ."
3. On November 10, 1983, the Debtors filed for relief under Chapter 11 of the Bankruptcy Code.
4. In the spring of 1984, Debtor David A. Koch met with PCA representatives to discuss the status of the 1984 crop.

5. At the time, the Debtors' farm was the subject of foreclosure proceedings and PCA, apparently of the impression that Mr. Koch's only concern was as to the foreclosing mortgage holder, told Mr. Koch that he wouldn't be bothered.

6. Mr. Koch, believing that PCA had released any interest in his 1984 harvest, proceeded with spring planting.

7. The Court will assume that PCA had a perfected security interest in the Debtors' 1984 crop. But compare Paragraph 2 supra (standing crop not covered) with Paragraph 1 supra (standing crop sold). In addition, the Court will assume that the Bankruptcy Code did not terminate PCA's interest. But see 11 U.S.C. sec. 552 (certain after-acquired property security interests terminated).

8. Nevertheless, the Debtors acted in reasonable reliance upon PCA's apparent representation that the 1984 crop would not be bothered.

CONCLUSION OF LAW

PCA is estopped from asserting any security interest in the Debtors' 1984 crop.

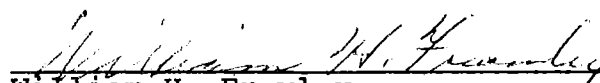
ORDERS

IT IS ORDERED THAT \$271 of the proceeds from the sale of the Debtors' 1983 hay crop be paid to Production Credit Association of Chippewa Falls.

IT IS FURTHER ORDERED THAT \$500 of the proceeds from the sale of the Debtors' 1984 corn crop be paid to the Debtors.

Dated: March 26, 1985.

BY THE COURT:



William H. Frawley
U. S. Bankruptcy Judge

cc: Attorney Peter F. Herrell
Attorney Terrence R. Spaeth