

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WISCONSIN

**FILED**  
MAY 2 1984  
CLERK  
U.S. BANKRUPTCY COURT

In re:

Case Number:

JEFFREY A. SEVERSON,

EF7-84-00210

Debtor.

FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND  
ORDERS (1) TO RELEASE FUNDS  
(2) TO AUTHORIZE RELEASE OF FUNDS AND  
TO DESIST FROM ACTS TO COLLECT FUNDS

Debtor Jeffrey A. Severson, by Attorney Charles V. Feltes of Kostner, Ward & Koslo, having filed a Motion to Enforce Automatic Stay; and a telephone hearing having been held; and the Debtor appearing in person and by counsel; and Creditor United States of America, acting through the Farmers Home Administration, appearing by Attorney Sheree L. Govey of the United States Attorney's Office; the Court, having heard the arguments of counsel and considered the complete record and file herein, FINDS THAT:

1. Debtor Jeffrey A. Severson filed for relief under Chapter 7 of the Bankruptcy Code on February 7, 1984.
2. On May 8, 1980, the United States of America acting through

the Farmers Home Administration (USA) duly filed a financing statement, executed by the Debtor, covering crops, livestock, other farm products, farm and other equipment, supplies, inventory and 136 acres of real property.

3. On December 22, 1981, the USA and the Debtor executed an Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest (in dairy products).

4. On February 11, 1983, the USA duly filed an amended financing statement, executed by the Debtor and his wife, covering "accounts and/or contract rights".

5. On November 15, 1983, the Debtor and his wife executed a Security Agreement granting the USA a security interest in, inter alia, a dairy herd, proceeds from dairy assignments and 136 acres of real property.

6. On November 29, 1983, the Debtor, with the assent of the USA, auctioned off tangible personal property, including the dairy herd, subject to the USA's lien.

7. The proceeds of said auction, amounting to approximately \$56,000, were applied to the debt owed to USA--leaving an amount owing of approximately \$180,000.

8. Subsequent to said auction, the Debtor leased a dairy herd and resumed dairy farming.

9. The USA now claims a security interest in Debtor's real estate and in the proceeds from the sale of Debtor's dairy products.

10. On April 1, 1984, pursuant to the expiration of a Temporary Amendment of the Assignment of Proceeds from the Sale of Dairy Products, the Debtor's creamery, AMPI, began withholding funds from the proceeds of Debtor's dairy product sales.

11. The USA has not released said funds and AMPI is holding same pending a decision by this Court.

12. Under 11 U.S.C. sec. 552, post-petition property is not subject to any pre-petition security agreement lien unless said property is the product of secured, pre-petition property. Cf. Wis. Stat. sec. 409.204(1).

13. The proceeds from the sale of Debtor's dairy products are post-petition property.

14. Said proceeds are the product of the Debtor's milk which, in turn, is the product of the Debtor's dairy herd.

15. The USA does not have a security interest in the Debtor's milk or dairy herd.

#### CONCLUSION OF LAW

The proceeds from the sale of the Debtor's dairy products are not subject to a USA lien, if any.

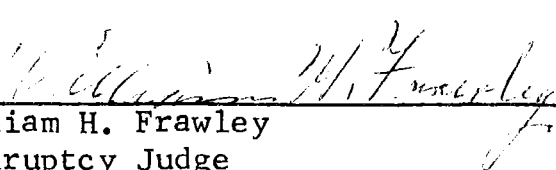
ORDERS

IT IS ORDERED THAT AMPI forthwith release to Jeffrey A. Severson all funds it is holding in reserve by reason of the Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest between USA and Debtor.

IT IS FURTHER ORDERED THAT the United States of America acting through the Farmers Home Administration authorize the release of said funds and cease and desist from acts to enforce and collect said Assignment of Proceeds.

Dated: May 2, 1984.

BY THE COURT:

  
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William H. Frawley  
Bankruptcy Judge