

News from Senator

BOB DOLE



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DOLE CHAIRS ELEVATOR BANKRUPTCY HEARINGS

WASHINGTON -- Senator Bob Dole (R-Kan.), chairman of the Senate Judiciary Committee subcommittee on courts, today chaired a hearing on legislation to assist farmers whose crops are held as part of grain elevator bankruptcy proceedings.

Legislation introduced by Dole and cosponsored by Senator Jack Danforth (R-Mo.) last week provides for certain amendments to the Bankruptcy Reform Act of 1978, as well as amendments to the United States Code dealing with agricultural warehouse licensing and operations. The bill is designed to take a "first step" in solving the problems faced by farmers and setting up specific procedures and timetables for the distribution of grain in bankrupt elevators.

"These hearings have been scheduled because we, the members of this committee, want to develop a full and complete understanding of the problems created by these bankruptcies," explained Senator Dole.

Testimony was heard from members of the Senate and the House whose states are critically affected by this problem, as well as administration officials, state agricultural experts, and farm groups. Secretary of Agriculture John Block delivered testimony as well.

"Over the past several years, Midwestern farmers have suffered from the unexpected insolvency of grain elevators holding vast quantities of crops," Dole said. "They have seen thousands of bushels of their grain, soybeans and other cash crops tied up in grain elevator bankruptcy proceedings under circumstances that make it difficult if not impossible for them to recover their crops."

The Dole Bill

The Dole bill provides for one uniform procedure for abandonment of grain assets in a proceeding filed by an insolvent commodity warehouse; the granting of a statutory lien to farm producers on crops delivered to a warehouse under a sales contract but for which a producer has not been paid; and the granting of a priority position to farm producers in any distribution of assets to unsecured creditors.

"This bill would require the trustee to begin distribution of crop assets within 80 days of the filing of the bankruptcy petition," Dole said. "The objective is to discourage delays in the distribution process, and there are provisions of my bill that impose certain burdens on parties requesting stays of the abandonment orders.

"The crops would be distributed by a two-tiered method: 1. First, there is a pro rata distribution of grain or proceeds of grain to farmers who have stored crops with the warehouseman without transfer of title. This should be done as quickly as possible, since these crops would not be part of the bankruptcy estate. 2. After the first distribution, the trustee would be required to liquidate any remaining crop assets and divide the proceeds, pro rata, among the secured creditors.

"Those farmers who still have an unsatisfied claim against the bankrupt warehouseman after this distribution would receive a priority position in any distribution of remaining assets to unsecured creditors."

"I believe these hearings are vitally important to the farm community of America and will be the impetus to important legislative work upon these problems. I am confident that the witnesses that have been invited to review and comment on the new legislation will have further suggestions for legislative initiatives in this area," concluded Dole.