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Wisconsin Ag News Headlines

Olsen Bros' Personal Debt Forces Former Owners into Bankruptcy
Wisconsin Ag Connection - 05/27/2011

New revelations in the complex case involving the founders of Olsen's Mill and the Renew Energy and Utica Energy ethanol plants show that two of the Olsen brothers are going through personal bankruptcy proceedings. The Oshkosh Northwestern has learned that David and Paul Olsen owe more than \$104 million in outstanding bank loans, attorneys fees, the state transportation department and their mother. As a result, they have filed for Chapter 11 bankruptcy protection last December, but have since combined the cases because most of their assets and debts are intertwined.

Court files investigated by the newspaper show that the brothers personally guaranteed a \$50 million loan when Olsen's Mill borrowed money from BNP Paribas, based in France; as well as a \$20.7 million note for Utica Energy from Dougherty Funding LLC of Minnesota. A third brother, State Senator Luther Olsen, had a stake in the milling operations, but was not involved in the management of the business.

Olsen's Mill was considered as Wisconsin's largest grain handling company with operations in Jefferson, Oshkosh, Milwaukee, Westfield, Boscobel, Berlin, Stevens Point, Viroqua, Ripon, Wautoma and Belmont. The family also had a stake in five farms and a crop service that provides fertilizer and seed to farmers.

As *Wisconsin Ag Connection* has been reporting throughout the saga, the threads of the major agricultural enterprise began to come apart in January 2009 when Renew Energy, located in Jefferson, filed for bankruptcy after its bank refused to extend an operation loan. Less than a week later, Olsen's Mill Inc. was forced into receivership because that firm had helped finance the ethanol plant and both were struggling from the downturn in the farm economy. Olsen's Mill had been handling all the corn purchasing agreements for Renew Energy at the time. The ethanol facility was later sold to Valero Energy Corp., based in San Antonio, Texas.

Meanwhile, the case involving the milling venture grew into a larger nightmare later that spring. That's when Green Lake County Judge William McMonigal ordered the sale of the business for \$20 million to a group called "Martini's Olsen's Mill Acquisition Co. LLC," which is led by C.R. Meyer and Sons President Phil Martini. That's despite the fact that PRM Wisconsin, a subsidiary of BNP Paribas, submitted the highest bid for the property during a public auction a week earlier. Judge McMonigal said it was in the best interest of Olsen's customers and the local farm economy if the operations were sold to OMAC because PRM had intentions of liquidating the mill's assets.

BNP Paribas appealed the circuit court's decision to the Court of Appeals and lost. Now, the Supreme Court has taken the case and is expected to decide, among other issues, whether the circuit court had the authority to act as it did.

During opening arguments in March 2011, BNP's attorney, Brady

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Williamson of Madison, told Supreme Court justices that his client was the rightful bidder in the sale, and asked the court to preserve the 'long standing principle that a secured interest cannot be invalidated without the consent of the holder of the security.' But Court Justice Patience Drake Roggensack and Chief Justice Shirley Abrahamson both stated they could not find a clear indication of what BNP's secured value in the assets of the property were because loan paperwork didn't itemize them specifically. Williamson replied that the secured value could be argued, but it should have been more than \$9 million--which is what they were given in a court settlement.

Thomas Olejniczak, a lawyer representing Olsen's Mill, said the local judge knew it wasn't in the best interest to sell the properties to BNP because the Olsen family said they would not work with them if they were the successfully purchaser.

The state's highest court has not yet decided on where to take the case.

Martini currently runs the mill's operations under the name Wisconsin Ag Services Inc.

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