UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO

IN RE:	*	
	*	**CASE NUMBER 05-49464**
RONALD RILEY - and -	*	
WENDY A. RILEY,	*	**CHAPTER 12**
	*	
Debtors.	*	**THE HONORABLE KAY WOODS**
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ORDER REGARDING CONFIRMATION OF CHAPTER 12 PLAN
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Debtors Ronald and Wendy Riley ("Debtors") filed a voluntary petition pursuant to Chapter 12 of the Bankruptcy Code on October 15, 2005. On December 12, 2005, Debtors filed their Plan of Reorganization (Docket No. 15). On December 21, 2005, Debtors filed an Amended Plan (Docket No. 22) to correct the case number. On December 27, 2005, Debtors filed a further Amended Plan (Docket No. 26). On January 3, 2006, Western Reserve Farm Cooperative, Inc. ("Western Reserve") filed an objection (Docket No. 28) to Debtors' Amended Plan. On January 25, 2006, the United States of America, on behalf of its agency, the U.S. Department of Agriculture, Farm Service Agency ("FSA"), filed an objection (Docket No. 30) to Debtors' Amended Plan. A hearing was held on January 31, 2006 regarding confirmation of Debtors' Amended Plan, subsequent to which the Amended Plan was to be further amended. A hearing on the anticipated plan was scheduled for April 4, 2006.

Debtors filed an Amended Plan on March 28, 2006 (Docket No. 43). Objections to the Amended Plan were filed by FSA (Docket No. 45) on March 29, 2006; Western Reserve (Docket No. 47) on March 31, 2006; and The Andover Bank ("Andover") (Docket

No. 48) on March 31, 2006. At the hearing on April 4, 2006, it was determined that Debtors would again amend their plan, with any objections due by May 2, 2006 and a hearing to be held on the third amended plan on May 9, 2006.

Debtors again amended their plan on April 18, 2006 (Docket No. 51). FSA, Andover and Western Reserve each timely filed objections to this amended plan (Docket Nos. 56, 57, and 58, respectively). All parties appeared at the hearing on May 9, 2006. Debtors' counsel represented that, although the schedules had not been amended, Debtors had a business plan to operate the farm and each of them had taken on outside employment that added approximately One Thousand One Hundred Dollars ($1,100.00) to their net income per month. Debtors urged the Court to confirm the Amended Plan. Each of the objecting creditors argued that the Amended Plan was not feasible. Andover and FSA each alleged that they would be better off if Debtors liquidated all of their assets.

Although Debtors have amended their proposed plan of reorganization several times, the amendments did not substantially or substantively change the proposed plan. The amendments failed to address the issues of feasibility raised in the objections filed by FSA, Andover and Western Reserve. Debtors failed to provide any projections regarding future operations of their farm and, except for a proposal to sell some wooded acreage, failed to demonstrate that the future operation of the farm would be in any way different from pre-petition activity that did not generate sufficient income to service all of Debtors' debt. The Chapter 12 Trustee, Andrew W. Suhar ("Trustee"), stated that he could not support Debtors' Amended Plan and that he did not believe a plan of reorganization that

included all of the present farming operations could be feasibly presented. The Trustee urged the Court to consider giving Debtors additional time to propose a plan that would, in essence, be a liquidating plan, but that might preserve the homestead, barn and limited acreage for Debtors to continue dairy farming.

For the reasons set forth on the record, this Court finds that Debtors have not established the criteria in 11 U.S.C. § 1225 for confirmation of a plan. Accordingly, this Court denies confirmation of Debtors' Amended Plan . The obvious alternative is dismissal of Debtors' case; however, this Court finds that dismissal of this case at this time is not in the best interests of the Debtors, their creditors or the estate. This Court further finds that Debtors may be able to propose a different (*i.e.*, liquidating or partially liquidating) Chapter 12 Plan. As a consequence, Debtors have until close of business on June 12, 2006 to file a feasible plan. Any objections to a further amended plan shall be filed by June 26, 2006. If any objections are filed, this Court will scheduled an appropriate hearing.

IT IS SO ORDERED.

HONORABLE KAY WOODS
UNITED STATES BANKRUPTCY JUDGE