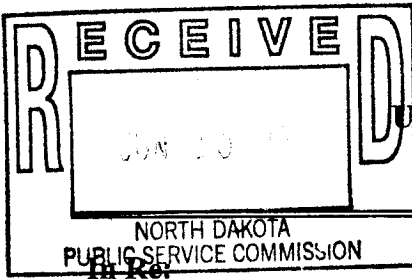


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INFORMATION



UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA

Case No. 10-30924

Chapter 11

GRABANSKI GRAIN LLC,
Tax ID # 20-8880825,

Debtor.

UNITED STATES TRUSTEE'S
MOTION TO CONVERT OR
DISMISS CHAPTER 11 CASE

The United States Trustee hereby moves the Court for an Order converting or dismissing the above-captioned case. The grounds for this motion are cause, as required by 11 U.S.C. §1112(b). In support of his motion, the United States Trustee states:

1. Debtor filed its petition for relief under chapter 11 of the bankruptcy code on July 23, 2010.

2. Pursuant to 11 U.S.C. § 1112(b)(4)(A), a case may be dismissed when there is a continuing loss to or diminution of the estate and absence of a reasonable likelihood of rehabilitation. *In re Schriock Construction, Inc.*, 167 B.R. 569 (Bankr.D.N.D. 1994).

a. The facts of the case establish that there is a continuing loss to or diminution of the estate. According to the Debtor's monthly operating reports on file with the Office of the United States Trustee, during the period of January 1, 2011, through April 30, 2011, the Debtor has received no income. During this time, the Debtor has incurred U.S. Trustee fees of \$1,300.53 and legal fees and costs of \$2,415.34. Also during this time, the Debtor has not created any accounts receivable.

b. There is a total absence of a reasonable likelihood of rehabilitation of this Debtor. The only income producing asset of this Debtor, a grain elevator, was sold pursuant to this Court's Order Granting Motion to Sell Free and Clear entered October 14, 2011. There are no remaining assets which could constitute a business to be rehabilitated.

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Motion and Notice to Convert or Dismiss Chapter 11
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United States Bankruptcy Court

Bruce J. Gering, Assistant U.S. Trustee

3. The Debtor has been under the protection of the bankruptcy code for almost a year and no disclosure statement or plan has been filed. The Debtor has not timely requested an extension of the exclusivity period for filing its plan and disclosure statement.

4. Many of the creditors in this case are farmers who had grain which “disappeared” while stored in this facility. These creditors have not retained counsel, but have the belief that they may not seek compensation from the Debtor’s bond, or other restitution funds while the bankruptcy case is in its present posture.

5. Once the Court determines that cause exists to dismiss or convert this case, it should consider the best interests of creditors and the estate before deciding whether to dismiss or convert the case. *In re Mazzone*, 180 B.R. 782, 785 (E.D.Pa.1995). The Debtor’s Statement of Financial Affairs discloses that Tom Grabanski received “Draws” totaling \$727,272.54 during the year prior to the commencement of the case. The United States Trustee believes conversion of this case would be in the interests of the creditors or the bankruptcy estate because it would allow a trustee to facilitate the repayment of creditors through the bond fund and restitution fund, and to recover the “Draws” from Mr. Grabanski.

WHEREFORE, the United States Trustee moves the Court for an Order converting this case to chapter 7, or in the alternative, dismissing it and granting such other relief as the Court deems just and proper.

HABBO G. FOKKENA
UNITED STATES TRUSTEE
Region 12

Date: June 17, 2011

BY: /s/ BRUCE J. GERING
Bruce J. Gering
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re:

**GRABANSKI GRAIN LLC,
Tax ID # 20-8880825,**

Debtor.

Case No. 10-30924

Chapter 11

**NOTICE OF UNITED STATES
TRUSTEE'S MOTION TO CONVERT
OR DISMISS CHAPTER 11 CASE**

The United States Trustee's Office has filed a motion to convert or dismiss in the above-captioned Chapter 11 case for cause. **Your rights may be affected.** You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

If you do not want the Court to grant the United States Trustee's motion, or if you want the Court to consider your views on the motion, then by **July 8, 2011**, you must file with the **Bankruptcy Clerk**, whose address is **Quentin N. Burdick United States Courthouse, 655 1st Avenue N., Suite 210, Fargo, North Dakota 58102-4932**, a typewritten response explaining your position. You may mail your response to the Clerk, but if you do, you must mail it early enough to ensure the Clerk receives it by this date. You must also mail a copy of your response to the United States Trustee's Office, whose address is listed below, and to the other parties in interest, whose names and addresses may be obtained by contacting the Clerk at **701-297-7100**.

If you file and serve a response by the date stated above, the Court will schedule a hearing and give you written notice of the date, time, and location of that hearing. Otherwise, the Court may decide that you do not oppose the relief requested by the United States Trustee's Office and may enter an order granting the relief without holding a hearing.

**HABBO G. FOKKENA
UNITED STATES TRUSTEE
Region 12**

Dated: June 17, 2011

By: /s/ BRUCE J. GERING
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