

# Bankruptcy case dismissed

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FARGO, N.D. — The personal Chapter 11 bankruptcy reorganization for former Grafton, N.D., farmer Tom Grabanski and his wife, Mari, has been dismissed, perhaps setting the stage for creditors to move ahead to collect claims that total about \$25 million.

Thad J. Collins, a U.S. Bankruptcy Judge on April 12 dismissed the case "with prejudice," prohibiting the Grabanskis from filing for bankruptcy for another six months.

It is but one of three separate but related bankruptcies involving Grabanski, a key figure in failed farming businesses in his hometown of Grafton, N.D., in Texas and Colorado, as well as an elevator company in Grafton. The personal bankruptcy case has accounted for more than 576 docket items, or filings.

In his order, Collins says the court had "bent over backwards to give" the Grabanskis "every possible benefit of the doubt" in the case, but cited a history of missed deadlines and extensions. He said it is "no stretch for the Court to conclude" the Grabanskis "willfully failed to abide by orders of the Court and to appear before the court in proper prosecution of their case."

Tom Grabanski, who has lived in Paris, Texas, for about three years, told *Agweek* he'd expected dismissal since last June. "We'll see where God wants to take us," he says. "It'll work out."

## 5-year history

Judge Collins, based in the northern district of Iowa since March 29, 2010 has been "sitting by designation" in the case. Collins took over from Judge William A. Hill who retired Aug. 21, 2011. Hill was replaced by Shon Hastings, a former assistant U.S. Attorney. Dianne Schmitz, clerk of the bankruptcy court, says a review of the court's case load indicated that Hastings had a "work-related conflict" with the Grabanski case, as well as some others, so they were assigned to Collins.

In his April 12 ruling, Collins offered a history of the case, which dates back to farming in 2008 and 2009, when the Grabanskis initially started partnerships with John and Dawn Keeley, Grafton farmers and former partners of the Grabanskis in Texas farmland ownership and operation companies.

Grabanski reported a \$2.5 million loss in the G&K Farms partnership in 2008, even though the crops had been insured. The Keeleys alleged that Tom Grabanski obtained a \$7 million loan on behalf of the company, contrary to the operating agreement that said he couldn't borrow more than \$1,000 without John Keeley's permission. The Keeleys believed they resigned from the partnership effective April 30, 2009, but later found themselves responsible for debts.

A judge in Colorado last summer reversed a government denial of \$8 million in crop insurance payments to Colorado Farm, a company in which Grabanski had been a partner. Collins quoted a news story in which Grabanski said the victory in a crop insurance case could allow him to make payments to creditors and make things right.

Collins says he had delayed one motion to dismiss to "wait-and-see if anyone in this (personal) bankruptcy was paid from or made a claim to what seemed to be a sizable amount of money."

But Collins asked Grabanski "how much money was in the estate right now," and Grabanski's lawyer DeWayne Johnston had answered, "Probably zero." Subsequently, Collins concurred with the two dismissal motions.

Grabanski says he doesn't know what happened to the insurance settlement in the Colorado matter.

"I have some issues with the (Colorado Farms) partners," he says. "The Hansons won't tell me where they put the money. They're handling the money in that one." He couldn't confirm the figure that was won in the case.

Jeff Hanson, general sales manager in a Grafton implement and auto dealer family, is one of several Hanson family members who was a partner in Colorado Farms land partnership and Hanson CF farming partnership, and a creditor in the bankruptcy case.

Jeff Hanson declined to be interviewed by *Agweek* on the fate of the Colorado insurance money. He also declined to comment on the Grabanski bankruptcy dismissal. At least three other creditors and plaintiffs in the Grafton area, including the Keeleys, declined requests by *Agweek* to comment on the case.