

## Ted's Excellent Bankruptcy Adventure

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Ted Budd is a fortunate son. He grew up rich as a major shareholder in his dad's business, Budd Seed (thanks, dad!). It was purchased in 1998 for \$34 million by AgriBioTech (ABT), one of the largest seed companies in the country. Dad became a director, and Ted a significant shareholder of ABT, but financial problems caused dad to become CEO in March 1999. In May, the Budds loaned ABT \$10 million. Ted signed as co-maker.

In June, dad assured ABT's small-town growers they would get paid if they sent ABT their 1999 crop. Over 1,200 growers in 39 states agreed. They kept their end of the deal. ABT did not. Instead, dad used ABT's money to repay Ted's loan, in full, with interest (thanks, dad!).

Farmers weren't getting paid and complained. So, in September, dad again assured them ABT would pay. It didn't. Instead, four months later, ABT declared bankruptcy, \$165 million in debt, owing \$1.3 million in taxes, including \$33,000 to North Carolina.

Worse, ABT stiffed farmers for \$50 million! ABT's bankruptcy so devastated small farmers that Congress created a \$35 million no-interest loan program to save the seed-growing industry.

The court-appointed bankruptcy Trustee said Ted "acted in concert" with his dad and received "fraudulent transfers" because his loan was repaid with money owed to farmers. The court ordered the money returned, with interest, totaling \$15 million. Dad's response? He declared personal bankruptcy, though not before transferring assets to Ted (thanks, dad!).

The Budds settled farmers' claims for a fraction of their worth. "We got screwed and there was not a freaking thing we could do about it," said farmer Scott Scheuerman. "There was no way to fight multi-millionaires. We were the little guy...they could care less about us."

Ted won't say how much of his nearly \$11 million personal fortune came from dad's "fraudulent transfers." The least he could say is, "Thanks, dad!"

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