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Failed Ventures Fuel Grain Company Failure

Hansen-Mueller Blames Failed Ventures, Trump Tariffs for Leaving Farms Unpaid

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By Todd Neeley, DTN Environmental Editor

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Hansen-Mueller Co. told a bankruptcy court in Nebraska it has identified more than 30 potential buyers for its assets. (DTN file photo)

LINCOLN, Neb. (DTN) -- A series of failed business ventures and the Trump administration's implementation of tariffs this past year are among the main reasons for the ultimate failure and filing for Chapter 11 bankruptcy protection by Omaha-based Hansen-Mueller Co., according to a declaration filed Monday in the U.S. Bankruptcy Court of Nebraska by the chief restructuring officer for the company.

In addition, as Hansen-Mueller moves toward selling its assets, the company told the court it has identified more than 30 potential buyers.

The company's troubles began to surface late this summer into the fall when farmers across the country began to report not being paid by the company for grain.

According to court documents, Hansen-Mueller reports owing creditors in 34 states with Kansas being hit the hardest with at least 128 creditors, followed by Nebraska with 87 and Texas with 72, Minnesota at 62, and Missouri, 52.

WHAT HAPPENED TO HANSEN-MUELLER

Chief restructuring officer Michael Compton outlined for the court on Monday what brought on Hansen-Mueller's difficulties.

In a declaration filed with the court, Compton said the company has "struggled financially" during the past few years primarily because of a series of unsuccessful business ventures.

That includes the "unsuccessful conversion" of a pasta plant in Fremont, Nebraska, that Hansen-Mueller bought in 2017, operated in 2019-2021 and then sold for a "\$15 million loss" in 2022.

In addition, Compton said the company lost about \$11 million on the unsuccessful development and implementation of a proprietary trading software platform.

Also, he said Hansen-Mueller was unable to integrate eight elevators it purchased in 2016-2017, at a loss of about \$10 million. Compton said the company also lost about \$3.5 million in arbitrations.

"Like many other companies with significant exports, the debtor also has experienced challenges with the president's tariffs, causing debtor simply to run out of working capital and, therefore, time," Compton said in the declaration.

"Despite the challenges faced by the debtor, it has at all times -- and continues to be -- mindful of their commitments to stakeholders and their obligation to preserve and maximize value."

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POTENTIAL BUYERS

Before filing for Chapter 11, Compton said the company in September hired Ascendant Consulting Partners, LLC, an investment banker, to market Hansen-Mueller's assets to potential interested parties.

"Ascendant has contacted not less than 37 potential bidders and the debtor entered into nondisclosure agreements with not less than 33 parties, which allows those parties to access a data room containing confidential information."

Compton said the company was hopeful that it would be "afforded enough time" to complete a sale outside of bankruptcy.

"The debtor's tenuous financial position has deteriorated more rapidly than expected after the Nebraska Public Service Commission temporarily suspended its grain trading license on Oct. 24, 2025," Compton said, "forcing the debtor to field numerous inquiries from different state agencies in which it operates and provide an unprecedented amount of resources toward providing information to creditors and such state agencies, consuming a large portion of debtor's executive team's attention and distracting it from its core business and the sale process."

The Nebraska PSC suspended Hansen-Mueller's grain dealer license at the end of October when 38 Nebraska farmers were not paid for about \$2.1 million in grain deliveries to the company. Read more about that here: <https://www.dtnpf.com/...>

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The company reached an agreement with the state to pay those farmers: <https://www.dtnpf.com/...>

CASH COLLATERAL ON HAND

The company has about \$6 million in cash on hand and a credit facility of about \$50.8 million, according to court documents.

In addition, the company filed a series of motions with the court asking for permission to continue to pay operating expenses during bankruptcy proceedings and eventual sale of assets.

Hansen-Mueller told the court it will need access to cash collateral to fund day-to-day operations. Those expenses include bi-weekly payroll of about \$340,000, plus \$90,000 of payroll including benefits for employees paid as part of a joint venture. In addition, Hansen-Mueller has monthly rent expenses of about \$180,000.

Hansen-Mueller operates nine elevators including five along Interstate 29, with grain storage capacity of about 30 million bushels, according to court records.

The company operates four terminals in Duluth, Minnesota; Houston, Texas; Superior, Wisconsin; and Toledo, Ohio. Hansen-Mueller owns an oats processing plant in Toledo that produces pet food and animal feeds, and leases trading offices in Toledo, Ohio; Omaha, Nebraska; Salina, Kansas; Kansas City, Missouri; Tallulah, Louisiana; Grand Island, Nebraska; and Alabaster, Alabama.

As Hansen-Mueller moves toward the sale of assets, Compton said it has cut back the number of employees to a "bare minimum" of around 120.

"Because HM recently has not been operating in a cash-flow positive manner, the terms of the proposed use of cash collateral essentially reduce, on a dollar-for-dollar basis, the value that will be available for distribution to stakeholders by the costs necessary to operate the debtor until a sale is consummated," Compton told the court.

"Accordingly, time is of the essence in this case. To that end, the debtor has commenced this Chapter 11 case to facilitate a timely and efficient process that will monetize the debtor's assets and maximize the value available to stakeholders."

As part of the Chapter 11 filing on Monday, Hansen-Mueller released a list of the top 20 unsecured creditors who are owed a total of about \$22.9 million.

It is typical in Chapter 11 cases that unsecured creditors are not fully paid what they're owed, as they are at the bottom of the pecking order of creditors paid.

NUMBER OF CREDITORS BY STATE

According to DTN's analysis of the creditors matrix in the Chapter 11 filing, here is a breakdown of the number of creditors by state: Alabama 12; Arkansas four; California four; Colorado 21; Connecticut one; Florida one; Georgia four; Illinois four; Indiana two; Iowa 29; Kansas 128; Kentucky five; Louisiana 28; Maryland three; Michigan two; Minnesota 62; Mississippi 40; Missouri 52; Montana two; Nebraska 87; New Jersey four; New York four; North Dakota 41; Ohio 32; Oklahoma 18; Oregon two; Pennsylvania five; South Dakota 36; Tennessee seven; Texas 72; Utah one; Virginia four; Washington two; and Wisconsin 20.

Read more on DTN:

"Nebraska Grain Company Files Chapter 11," <https://www.dtnpf.com/...>

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