

NE Pa. dairymen caught in another bankruptcy

BY JANE BRESEE
Staff Correspondent

TUNKHANNOCK — Milk producers in Northeast Pennsylvania are hot, not only because of the weather, but because another cheese company has gone defunct, and they feel they've "been had".

As of Wednesday, Scheps Cheese Company in Lemon Township, Wyoming County, has closed its door to all shipments of milk, and most of the 250 employees were given temporary leaves of absence.

Independent milk producers still shipping to Scheps will have milk picked up by Dairylea Cooperative until August 31, giving them time to find another market. Producers belonging to cooperatives have

begun marketing their milk through their own co-ops. An estimated total of 600 dairy producers in Southern Tier New York and Northeast Pa. have been involved in the upheaval, with possibly half of whom were independents and received no help from a cooperative.

No one guessed there was any trouble brewing at the new, ultra-modern facility which opened in April, following a widely publicized ribbon cutting ceremony, until shippers to Scheps were called to a meeting in Tunkhannock by Ben Schep, president, on July 18. The Corporation was in trouble, he said, because the bank was withdrawing credit. He hinted that they might have to take Chapter 11



Ben Scheps

bankruptcy, but he was optimistic that bank officials would extend the credit.

The Bank of America had reportedly discovered that a \$1.2 million judgment against Scheps by the Cortland Bulk Milk Producers, Inc., for non-payment of milk in May, and June, had been filed.

After a week of suspense, on July 25, Scheps Cheese Corporation, and its subsidiary, Bradford County Farms, Inc. of Jamesburg, N.J., filed for reorganization under Chapter 11. A Federal Bankruptcy judge of Newark, later appointed a trustee to operate Scheps Company because the former president, Ben Scheps, had admitted creating fraudulent invoices to obtain bank loans

amounting to between \$1.5 and \$2 million dollars.

B.A. Commercial Corporation of Allentown, Pa., owned by Bank of America, said that Scheps owned it nearly \$7.3 million and another \$5 million is owed to dairy farmers who sold milk to Scheps!

Scheps also admitted that from \$300,000 to \$600,000 are due on withholding taxes to both the federal and state governments, and later it was reported that milk producers' money withheld on consignment for health insurance and FHA loan payments had also not been paid by the cheese company.

A plan to modernize and enlarge the former Aldovin Milk Facility in Lemon Township began in June, 1980, by the Scheps brothers, Al

(Turn to Page A35)

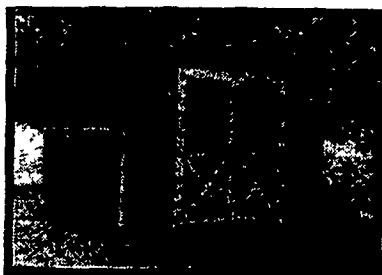
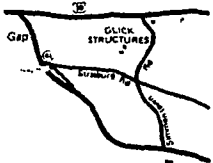
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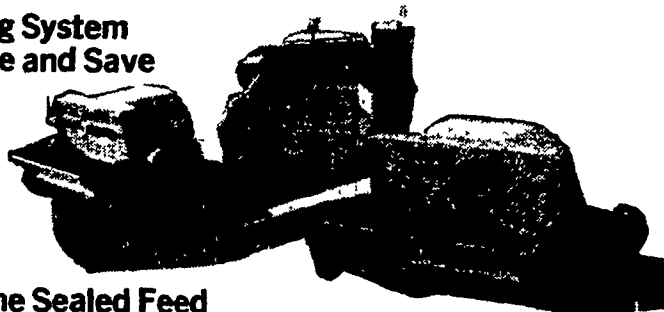
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