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New Energy Corp. files for bankruptcy

Management sees move easing sale of company.

November 14, 2012 | By JIM MEENAN | South Bend Tribune

SOUTH BEND -- Just a week after deciding to idle Indiana's oldest ethanol plant, New Energy Corp. has filed for Chapter 11 reorganizational bankruptcy.

The company, located on West Calvert Street, South Bend, said the decision to file for Chapter 11 was difficult. According to the company's news release, New Energy management believes the filing will facilitate an orderly sale of the company.

The company requested the court's approval of a number of customary motions to continue to support its business operations during the transaction process, including the continued payment of employee wages, salaries and health benefits without interruption, the release said.

Workers, who had remained on staff after the layoff last week of about 40 workers, will remain, said Russ Abarr, New Energy president, in a phone interview Tuesday.

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"Things just continued to deteriorate," the past week, Abarr said, referring to the business conditions that led to the filing in U.S. Bankruptcy Court for the Northern District of Indiana, South Bend Division.

The plant has been for sale since late in 2011. And going the Chapter 11 route could help the sale, Abarr said.

"In working with our secured creditors, that was the direction that was agreed upon," he said.

The drought this summer was one of several factors in the downfall of the company.

"Everything plays into it," Abarr said. "They were all factors. The drought, lower corn harvest, higher corn prices, high ethanol supply, low ethanol pricing, low gasoline demand. Everything has played into it.

"The margins have been really challenging in the industry essentially all year," Abarr added. "We are not the only company going through this. There are a lot of other plants that have shut down, slowed down."

Both in the phone interview and in the company's release, Abarr stressed that he still greatly believes in the plant.

"This site was selected 30 years ago," he said. "This is a really good location. It continues to be a good location. We are just dealing with a very challenging industry situation right now.

"I still strongly believe in the location."

Abarr said in the release the company appreciates "the loyalty of our employees, customers and suppliers during this process."

The company's only other layoff, besides last week, took place in June of 2011 when 30 workers were laid off. New Energy once had 100 employees.

New Energy began its operations at the South Bend facility in 1984. The plant has the capacity to produce 100 million gallons of ethanol per year.

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South Bend's New Energy Corp. files for bankruptcy

Jim Meenan, South Bend Tribune Staff Writer

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