

KREKELER LAW REPORT



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HAPPY ST. PATRICK'S DAY Was He a Lawyer... or an Engineer?



Before sainthood, St. Patrick led a pretty exciting life. According to encyclopedia.com, he was abducted from Britain by Irish pirates and stayed to tend sheep, praying for a better life for six years. He served as a British bishop and returned to Ireland to Christianize it. We celebrate his feast as a saint on March 17.

According to UW Madison history, there was a tradition in Wisconsin starting around 1915, when students learned the famous patron saint was not only a religious leader, but an educated engineer and lawyer. It became tradition for engineering students and law students to line up and pelt snowballs at each other across Bascom Hill on March 17, each vying for "dibs" on the saint.

By the 1930s, rotten eggs replaced the snowballs. After the law students stole "Oscar", the engineers' iron man, and the engineers overtook the Law School and chain-locked it, the deans called a truce, and offered a St. Patrick's Day rival

basketball game. The last game was held in 1966.

Apparently, this was all designed to make up for March, a generally lackluster month.

Think Spring!



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THE KRAFT HEINZ COMPANY:



A TIMELINE OF FINANCIAL ISSUES

It's time to "ketchup" and raise cash for \$30.9 billion of long-term corporate debt.

A Feb. 25, 2019 [CNN article](#), titled "Kraft Heinz exposes Corporate America's debt problem," states the company's 2019 profits will fall and the company will employ several strategies to pare down debt. Among them, Kraft Heinz will "write down" the value of Kraft and Oscar Meyer by \$15 billion. (The re-evaluation of assets will offset part of the debt.)

Kraft Heinz will also sell off some of its brands and make dividend cuts. The company recently sold their India beverage and Canadian natural cheese divisions to reduce debt. All this occurs after the 2015 merger of Kraft Food and Heinz products, a quarter of which is owned by Berkshire Hathaway under Warren Buffett's leadership, and work in 2018 to offer grocery stores wider distribution and retailer discounts.

It's not the first time Heinz has encountered money troubles.

Henry John Heinz, the founder of the H.J. Heinz Company (back then, Heinz Noble & Company), was born in 1844 and grew horseradish in the family garden. His parents were German immigrants, and his grandmother was Charlotte Louisa Trump. Yes, great-great aunt of Donald.

Heinz began selling extra horseradish to the neighbors, and grated it into clear bottles. By 1869, he

sold enough horseradish to buy a Chicago office and a horse-drawn wagon delivery team.

An 1875 expansion into the pickle business dried up with the worldwide price and economic recession (the Long Depression), and Heinz declared bankruptcy. The Panic of 1873 kicked off the recession and it lasted until 1879.

Heinz continued to think on his feet. According to the book "Bankruptcies and Money Disasters of the Rich and Famous", Heinz borrowed \$3,000 in capital from his brothers and sisters and created ketchup in Pittsburgh around 1876.

The octagonal glass bottle was patented in 1890 with its iconic 57 – it is said Heinz made up the distinguishing number on the spot.

The H.J. Heinz Co. was incorporated in 1905 and exported all over the world by 1907.

Heinz created better living conditions for his workers by introducing new benefits and services, long before it was commonplace. Today, Heinz products are produced in Iowa and Ohio.

You're probably not in danger of losing your favorite condiment. Still, like its founder, Kraft Heinz will have to employ several strategies in 2019 to right itself.

We will continue to monitor, and will let you know if they "cut the mustard."



J.L. Kraft



H.J. Heinz

FACTS ON



FOR YOUR BUSINESS

What is working capital, and how can you use it to your advantage? Quite simply, it's the money in a business used in its day to day operations.

So how much working capital should you have and how can you increase it? A recent [article by American Express](#) sheds some insights.

How much is enough? You should have enough cash on hand to cover operating expenses while you wait for customer payments, plus enough to cover vendor payments if you buy inventory. If you plan to grow, or if you have unpredictable sales and collections, you'll want more.

Once you have your working capital amount, recognize it may change. Keep your operating cycle, seasonal trends, and your business goals (both short term and long term) top of mind, based on growth. Be conservative. It is always easier and better to have extra money at the end of a month than to have run short.

How much is too much? If business is going well and has a long line of credit, that's a good place to be in. But if you have too much cash, it might be better spent upgrading equipment or hiring people. Find a balance, and you'll be in good shape.

We help businesses in financial trouble. A common need for every one of our financially distressed clients is a need for cash.

As soon as you start to feel even a little bit strapped, seek help. Many businesses might have been saved if they had acted while there was still cash available.

Remember the old adage, "CASH IS KING."



OF



IMPERSONATION

This month, the IRS warned consumers about fake calls from the Taxpayer Advocate Service (TAS). Be careful of the following. And if you're doubtful or have a gut feeling something's wrong, just hang up. No matter what your mother told you about manners.

- These calls are a scam and your caller ID will show an "IRS TAS" label and number from Houston or Brooklyn. This is called "spoofing".
- These calls may request a callback.
- Scammers may request your Social Security number, which you should never give to a solicitor.
- Scammers may tell you to provide bank information for an immediate refund. In fact, the IRS never asks for credit, debit, or banking info over the phone.
- Scammers may use a fake name or an IRS ID badge number.
- Scammers may threaten that a tax bill is overdue and tell you they will get local law enforcement involved. Then, they will call back to pretend to be the DMV or the police.
- You may receive bogus emails from the IRS. As a reminder, never open an attachment or a link from an unknown source.

WHERE'S KREKELER?

Attorneys Attend BICR Conference; Reyes Presents. KS attorneys headed north to Kohler Feb. 28-March 1 for the Bankruptcy, Insolvency, and Creditors Rights Educational/Social Retreat. Eliza Reyes spoke on a panel, "Choice of Chapters for Individuals" and served on the planning committee. This event welcomes bankruptcy professionals from all over Wisconsin, judges from Wisconsin's Western District and Eastern District, and American Bankruptcy Institute President Ted Gavin. This continuing education helps KS attorneys stay on the cutting edge to help our clients.

March Madness! Mark, husband of paralegal Cheryl Watson, kicked off bracket organization and bemoaned the fact that multiple employees chose Duke to go all the way. As of this writing, we await the Sweet 16 and office administrator Kathy Kelm is in the lead with a 39-9 record. Who will take it all? Only time will tell.

David Krekeler Presented at Forage Symposium Conference. David spoke to about 50 participants at the Forage Symposium in the Wisconsin Dells in February. "Forage" is defined as "a bulky food or fodder for horses and cattle, such as grass or hay." Often, farmers hire custom operators to plant forage in the spring or harvest it in the fall. Some farmers are struggling to pay these debts and expenses.

David explained essential information you should grab in writing from a farmer, explained the custom operator credit application and how operators might request one, the proper documentation for this arrangement, and protecting your security interest. The presentation was popular, and David gave prizes to make it fun. An overview of the information was also featured for the State Bar of Wisconsin's Rural and Ag Blog.

Sunday Dinner with The Krekeler's

Here you see David Krekeler with his granddaughter, Elia, and an English meat pie. The pie was one of David's Sunday dinners. Since becoming a grandfather, he has begun a ritual of cooking Sunday night dinners for the family.

Cooking provides an opportunity to relieve stress, engage in creativity, and make others happy. And it tastes good!

Besides the meal, the adults in the family enjoy the Cocktail of the Week. Highly recommended for you to try are the Electric Shark and the Wild Irish Rose. Contact us if you'd like the recipe.

Got a recipe you think David should try? Submit it and maybe he will.



Have a question? Idea for a future article?

If you ask for it – we will write it!

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