

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF IOWA**

ALFRED K. RYDER and	:	Case No. 95-2000-CH
MARY ANN RYDER,	:	
Debtors.	:	Chapter 7
	:	
UNITED STATES DEPARTMENT OF	:	
AGRICULTURE,	:	
Plaintiff,	:	
	:	
v.	:	Adv. No. 95-95137
	:	
ALFRED K. RYDER AND	:	
MARY ANN RYDER,	:	
Defendants.	:	
	:	
DONALD F. NEIMAN, TRUSTEE,	:	
Intervenor.	:	
	:	
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DONALD F. NEIMAN, Trustee,	:	
Plaintiff,	:	
	:	
v.	:	Adv. No. 98-98049
	:	
ALFRED K. RYDER, MARY ANN RYDER,	:	
RYDER FARMS, INC. of IOWA,	:	
Defendants.	:	
	:	
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DONALD F. NEIMAN, TRUSTEE,	:	
Plaintiff,	:	
	:	
v.	:	Adv. No. 99-99094
	:	
ALFRED K. RYDER, MARY ANN RYDER,	:	
and RYDER FARMS, INC. OF IOWA,	:	
Defendants.	:	

ORDER - STIPULATED SETTLEMENT AGREEMENT

On June 13, 2000, hearing was held on why the stipulation agreement should not be confirmed by the court. Trustee appeared in person and with his attorney of record, Paul A. Drey. Alfred K. Ryder, Debtor, appeared in person and with his attorney of record, Robert A. Wright, Jr. Mary Ann Ryder failed to appear.

JURISDICTION

This court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the order of the United States District Court, Southern District of Iowa. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A).

FINDINGS OF FACT

The adversary proceeding of Donald F. Neiman, Trustee, Plaintiff, v. Alfred K. Ryder, Mary Ann Ryder, and Ryder Farms Inc. of Iowa, Defendants, Adversary Proceeding No. 98-98049 came on for trial on May 9, 2000. It was scheduled as a three-day trial.

Alfred K. Ryder was sworn and testified during the morning of May 9, 2000. After the noon recess, the parties announced to the court that a global settlement of all issues had been reached.

The stipulation and agreement was read into the record. Counsel for Debtors stated that the stipulation was correctly read into the record and that he agreed to the terms thereof. Debtors were questioned individually about their understanding of the agreement and given an opportunity to consult with their attorney and ask questions of

the court. Debtors did, in fact, pose questions to their counsel and Trustee concerning the terms of the agreement. In particular, they demanded assurance that no real estate would be liquidated by Trustee without opportunity for them to satisfy the debt. Alfred K. Ryder and Mary Ann Ryder stated in open court that they understood the agreement and agreed to the terms thereof. It was agreed that the agreement would be reduced to writing for the signatures of the parties. The court approved the agreement and terminated the trial.

Trustee prepared the Stipulated Settlement Agreement, and counsel for Debtors stated that the final draft of the stipulated agreement comported with the terms of the agreement dictated into the record and that he approved of the agreement.

The Stipulated Settlement Agreement was delivered to Debtors, and they refused to sign the agreement.

Alfred K. Ryder and Mary Ann Ryder and Ryder Farms Inc. are defendants in all three pending adversary proceedings. Alfred K. Ryder and Mary Ann Ryder are the officers of said corporation. Throughout the case and pending adversary proceedings, it has been shown the Alfred K. Ryder, individually, and Alfred K. Ryder and Mary Ann Ryder, collectively, have signed documents purporting to bind Ryder Farms, Inc. on transfers of interest in real estate and other legal matters.

The pending adversary proceeding contains allegations of fraud against the debtors; that Ryder Farms Inc. is the alter ego of the debtors; that Debtors have transferred estate property pre-petition and post-petition; and, that Debtors should be denied a discharge. There are pending motions to hold Debtors in contempt for failing to abide by the orders of this court.

There is no evidence of coercion or overreaching by Trustee. Trustee has altered his position since the agreement was reached in open court by altering his position regarding pending leases of real property.

DISCUSSION

The law favors the settlement and compromise of litigation. *Justine Realty Co. v. Am. Nat. Can Co.*, 976 F.2d 385, 391 (8th Cir. 1992); *United States v. Pfizer, Inc.*, 560 F.2d 319, 322-323 n.6 (8th Cir. 1977); *First Wisconsin National Bank of Rice Lake v. Klapmeier*, 526 F.2d 77 (8th Cir. 1975). Valid agreements once reached are binding on the parties and cannot be repudiated by the parties. They are to be enforced by the courts. *United States v. 3,788.16 Acres of Land*, 439 F.2d 291, 294 (8th Cir. 1971). *Bergstrom v. Sears, Roebuck and Co.*, 532 F.Supp. 923, 932 (D.C. Minn. 1982). Stipulations of settlement will be rarely set aside absent fraud, collusion, mistake, or other such factors as would undo a contract. *Justine Realty Co.*, 976 F.2d at 391; *Matter of North Broadway Funding Corp.*, 34 B.R. 620, 622 (Bankr. E.D.N.Y. 1983).

Stipulations made in open court are as binding as if reduced to writing and formally executed. *Collateral Funding, Inc. v. Herrera (In re Herrera)*, 23 B.R. 796 (B.A.P. 9th Cir. 1982). The court has "inherent power to enforce a settlement agreement as a matter of law when the terms are unambiguous." *Barry v. Barry*, 172 F.3d 1011, 1013 (8th Cir. 1998). Unless Defendant-Debtors can demonstrate that the agreement was invalid under state law at the time it was made, this court may hold the parties to their word and incorporate the terms of the agreement into a final judgment. *White Farm*

Equipment Co. v. Kupcho, 792 F.2d 526 (5th Cir. 1986); *Holder v. Gerant Industries, Inc.*, (*In re Omni Video, Inc.*) 165 B.R. 22 (Bankr. N.D. Tex. 1994).

According to Iowa law, settlement agreements are contractual in nature. *Phipps v. Winneshiek County*, 593 N.W.2d 143, 146 (Iowa 1999); *Wright v. Scott*, 410 N.W.2d 247, 249 (Iowa 1987); *Thorton v. Hubill, Inc.*, 571 N.W.2d 30, 32-33 (Iowa App. 1997). They resolve uncertain legal claims and defenses, and eliminate the need for further legal proceedings and the accompanying expense. *Wright*, 410 N.W.2d at 249. In Iowa, settlements of legal disputes are encouraged, and the terms of the settlement are not overly scrutinized. *Id.* Contract principles are used to interpret settlement agreements and to determine their validity. *Phipps*, 593 N.W.2d at 146. Settlement agreements will be enforced absent fraud, misrepresentation, concealment, *Id.*, or a mistake that is mutual, material, and concerned with a present or past fact, *Wright*, 410 N.W.2d at 249. A unilateral mistake is not grounds for a party to withdraw from a settlement agreement. Settlements are binding regardless of who gets the best of the bargain or whether one side receives all the benefit while the other side shoulders all the sacrifice. *Id.*

Debtors object to the entry of the Stipulated Settlement Agreement and argue that they should not be bound by its terms. They claim that they did not understand terms of the agreement and that Alfred K. Ryder did not have authority to bind Ryder Farms Inc. of Iowa to the agreement. Further, Debtors claim that Alfred K. Ryder does not have the authority to dismiss Ryder Farms Inc. of Iowa's chapter 12 filed in the Western District of Missouri. Debtors' arguments are without merit.

The parties agreed to all the items at issue, and the written agreement correctly embodied all the terms of the agreement. The parties plainly intended to be bound by the agreement as stated in open court and embodied in the written agreement.

Alfred K. Ryder and Mary Ann Ryder clearly stated that they understood that Ryder Farms Inc. of Iowa was to be bound by the agreement. They did not express any objection to binding Ryder Farms Inc. of Iowa to the terms of the agreement. They did not express any lack of understanding or reservations about doing so in open court.

Counsel for Alfred K. Ryder and Mary Ann Ryder, Robert A. Wright, Jr., has advised the court that he has no objection to the written agreement and proposed order as presented to the court.

ORDER

IT IS ACCORDINGLY ORDERED as follows:

(1) The Stipulated Settlement Agreement shall be filed without the signatures of Alfred K. Ryder and Mary Ann Ryder, and Alfred K. Ryder as President of Ryder Farms, Inc.

(2) The Order approving the stipulated settlement agreement shall be filed without the signature of Robert A. Wright, Jr. as attorney for Alfred K. Ryder and Mary Ann Ryder.

(3) The terms of the Order approving the settlement agreement are varied to the extent that Alfred K. Ryder and Mary Ann Ryder, and Alfred K. Ryder as President of Ryder Farms Inc., shall carry out the terms of the Stipulated Settlement Agreement on or before August 4, 2000.

Dated this ____ day of July, 2000.

RUSSELL J. HILL, CHIEF JUDGE
U.S. BANKRUPTCY COURT