

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

In re:) Chapter 11
)
EASTERN LIVESTOCK CO., LLC, et al.,) Case No. 10-93904-BHL-11
)
Debtors.)

**MOTION TO APPROVE COMPROMISE AND SETTLEMENT
WITH TRUSTEE MICHAEL J. WALRO**

Pursuant to Federal Rule of Bankruptcy Procedure 9019, James A. Knauer, as chapter 11 trustee (the "Trustee") for Eastern Livestock Co., LLC ("Debtor"), by counsel, hereby files this motion (the "Settlement Motion") requesting the Court's approval of a compromise and settlement of claims between the Trustee and Michael J. Walro in his capacity as trustee ("East-West Trustee") for the bankruptcy estate of East-West Trucking Co., LLC ("East-West"). In support of this Settlement Motion, the Trustee states as follows:

Introduction and Background

1. East-West is a debtor in a chapter 7 bankruptcy case pending in this Court and captioned as *In re East-West Trucking Co., LLC*, Case No. 10-93999-BHL-7.
2. The East-West Trustee filed a proof of claim in this case on March 30, 2011 (the "East-West Claim"), asserting that Debtor owes East-West \$192,359.24 on account of services performed by East-West at Debtor's request prior to the filing of this chapter 11 case.
3. The Trustee filed a proof of claim in East-West's case (the "ELC Claim") and together with the East West Claim, the "Claims") on April 12, 2011 asserting a general unsecured claim against East-West in an amount not less than \$1,396,507.78. The ELC Claim is made up of three components: 1) an account or note receivable claim in the amount of \$480,489.24 on account of advances made by Debtor to or for East-West's benefit (the

"Receivable Claim"); 2) preference and fraudulent transfer claims pursuant to 11 U.S.C. §§ 547, 548 and 550 and the Indiana Uniform Fraudulent Transfer Act on account of payments made within one year of December 6, 2010 by Debtor to or for the benefit of East-West on account of antecedent debt owed from Debtor to East-West and/or without adequate consideration (the "Chapter 5 Claims"); and 3) claims related to the delivery of cattle to Cattlemen's Feedlot, Ltd. (the "Cattlemen's Claim"). Subsequent to the filing of the ELC Claim, the Trustee determined that Debtor paid \$4,556,996.93 to East-West in the year prior to the filing of this chapter 11 case.

4. The Trustee released the Cattlemen's Claim as part of a settlement approved in this chapter 11 case on December 19, 2011 [Docket No. 919].

5. The Trustee and the East-West Trustee, after reviewing the parties' respective rights and obligations and desiring to avoid the significant cost and expense of litigating the Claims, entered into settlement negotiations and have agreed to settle the Claims as follows:

a. The East-West Trustee shall withdraw the East-West Claim; and

b. The Trustee shall be allowed a general unsecured claim in the East-West bankruptcy case in the amount of \$971,679.53.

Basis for Relief

6. Pursuant to Federal Rule of Bankruptcy Procedure 9019, this Court has authority to approve a compromise or settlement on motion made by the Trustee after notice and opportunity for a hearing.

7. Under Bankruptcy Rule 9019, a bankruptcy court should approve a proposed compromise if it is fair and equitable and in the best interests of the estate. See In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d 421, 426 (7th Cir. 2007); Depoister v. Mary M.

Holloway Found, 36 F.3d 582, 586 (7th Cir. 1994); Matter of Energy Co-op, Inc. 886 F.2d 921, 927 (7th Cir. 1989).

8. The Trustee believes that the compromise and settlement reflected in this Settlement Motion is in the best interests of the Debtor's estate. The settlement is the result of arms-length negotiations and accurately accounts for both parties' claims and defenses. The settlement provides full credit for the Trustee's Receivable Claim (after setting off the East-West Claim). Further, the settlement takes into account 1) the recovery available for general unsecured creditors of the East-West bankruptcy estate, 2) the costs of litigating the Chapter 5 Claims and 3) the East-West Trustee's potential defenses to the Chapter 5 Claims.

9. The alternative to the settlement is continued litigation of the Claims and the possibility of an outcome that would result in a smaller recovery for the estate.

10. The Trustee therefore believes that the proposed settlement is fair and equitable and in the sound exercise of his business judgment.

11. If no objections to this Settlement Motion are filed, the Trustee requests that the Court enter an order approving the settlement described in this Settlement Motion and authorizing the Trustee to take all actions necessary to finalize and effectuate the settlement. If any objections to this Settlement Motion are filed, the Trustee requests that this Settlement Motion and any timely filed objection be scheduled for hearing by the Court on the earliest date that is available and convenient to the Court.

Respectfully submitted,

FAEGRE BAKER DANIELS, LLP

By: /s/ Dustin R. DeNeal

James M. Carr (#3128-49)

Counsel for James A. Knauer, Chapter 11 Trustee

Kevin Toner (#11343-49)
Terry E. Hall (#22041-49)
Harmony Mappes (# 27237-49)
Dustin R. DeNeal (#27535-49)
300 N. Meridian Street, Suite 2700
Indianapolis, IN 46204-1782
Telephone: (317) 237-0300
Facsimile: (317) 237-1000
jim.carr@faegrebd.com
kevin.toner@faegrebd.com
terry.hall@faegrebd.com
harmony.mappes@faegrebd.com
dustin.deneal@faegrebd.com

Wendy W. Ponader (#14633-49)
600 East 96th Street, Suite 600
Indianapolis, IN 46240
Telephone: (317) 569-9600
Facsimile: (317) 569-4800
wendy.ponader@faegrebd.com

CERTIFICATE OF SERVICE

I hereby certify that on April 12, 2012, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

David L. Abt
davidabt@mwt.net

C. R. Bowles, Jr
cbowles@bgdlegal.com

John Hunt Lovell
john@lovell-law.net

Mark A. Robinson
mrobinson@vhlaw.com

Jeffrey R. Erler
jeffe@bellnunnally.com

Edward M King
tking@fbtlaw.com

Randall D. LaTour
rdlatour@vorys.com

John R. Carr, III
jrciii@acs-law.com

Bret S. Clement
bclement@acs-law.com

Daniel J. Donnellon
ddonnellon@ficlaw.com

Stephen A. Weigand
sweigand@ficlaw.com

John Frederick Massouh
john.massouh@sprouselaw.com

John W. Ames
james@bgdlegal.com

Robert Hughes Foree
robertforee@bellsouth.net

Kim Martin Lewis
kim.lewis@dinslaw.com

Jeremy S Rogers
Jeremy.Rogers@dinslaw.com

Ivana B. Shallcross
ishallcross@bgdlegal.com

Deborah Caruso
dcaruso@daleeke.com

Meredith R. Thomas
mthomas@daleeke.com

William Robert Meyer, II
rmeyer@stites.com

Allen Morris
amorris@stites.com

Charles R. Wharton
Charles.R.Wharton@usdoj.gov

James Bryan Johnston
bjtexas59@hotmail.com

James T. Young
james@rubin-levin.net

David L. LeBas
dlebas@namanhowell.com

Judy Hamilton Morse
judy.morse@crowedunlevy.com

John M. Thompson
john.thompson@crowedunlevy.com

Jessica E. Yates
jyates@swlaw.com

John Huffaker
john.huffaker@sprouselaw.com

Matthew J. Ochs
matt.ochs@moyewwhite.com

Laura Day Delcotto
ldelcotto@dlgfirm.com

Kelly Greene McConnell
lisahughes@givenspursley.com

T. Kent Barber
kbarber@dlgfirm.com

Ross A. Plourde
ross.plourde@mcafeetaft.com

Walter Scott Newbern
wsnewbern@msn.com

Kirk Crutcher
kcrutcher@mcs-law.com

Todd J. Johnston
tjohnston@mcjllp.com

Timothy T. Pridmore
tpridmore@mcjllp.com

Theodore A Konstantinopoulos
ndohbky@jbandr.com

Karen L. Lobring
lobring@msn.com

Sandra D. Freeburger
sfreeburger@dsf-atty.com

Lisa Koch Bryant
courtmail@fbhlaw.net

Elliott D. Levin
edl@rubin-levin.net

John M. Rogers
johnr@rubin-levin.net

John David Hoover
jdhoover@hooverhull.com

Sean T. White
swhite@hooverhull.com

Robert H. Foree
robertforee@bellsouth.net

Sarah Stites Fanzini
sfanzini@hopperblackwell.com

Michael W. McClain
mike@kentuckytrial.com

William E Smith
wsmith@k-glaw.com

Susan K. Roberts
skr@stuartlaw.com

James Edwin McGhee
mcghee@derbycitylaw.com

Thomas C Scherer
tscherer@binghamchale.com

David A. Laird
david.laird@moyewwhite.com

Jerald I. Ancel
jancel@taftlaw.com

Jeffrey J. Graham
jgraham@taftlaw.com

Trevor L. Earl
tearl@rsvlaw.com

David Alan Domina
dad@dominalaw.com

Kent A Britt
kabritt@vorys.com

Joshua N. Stine
jnstine@vorys.com

Jill Zengler Julian
Jill.Julian@usdoj.gov

Michael Wayne Oyler
moyler@rwsvlaw.com

James E. Rossow
jim@rubin-levin.net

Steven A. Brehm
sbrehm@bgdlegal.com

James M. Carr
james.carr@faegrebd.com

Shawna M. Eikenberry
shawna.eikenberry@faegrebd.com

James A. Knauer
jak@kgrlaw.com

Christie A. Moore
cmoore@bgdlegal.com

Jeffrey E. Ramsey
jramsey@hopperblackwell.com

Joseph H. Rogers
jrogers@millerdollarhide.com

Andrew D. Stosberg
astosberg@lloydmc.com

Andrea L. Wasson
andreawassonatty@gmail.com

Jeffrey L. Hunter
jeff.hunter@usdoj.gov

Jason W. Cottrell
jwc@stuartlaw.com

James B. Lind
jblind@vorys.com

Anthony G. Raluy
traluy@fbhlaw.net

Jack S. Dawson
jdawson@millerdollarhide.com

Terry E. Hall
terry.hall@faegrebd.com

Erick P. Knoblock
eknoblock@daleeke.com

Shiv Ghuman O'Neill
shiv.oneill@faegrebd.com

Eric C. Redman
ksmith@redmanludwig.com

James E. Smith
jsmith@smithakins.com

Kevin M. Toner
kevin.toner@faegrebd.com

Christopher M. Trapp
ctrapp@rubin-levin.net

Amelia Martin Adams
aadams@dlgfir.com

Robert A. Bell
rabell@vorys.com

Melissa S. Giberson
msgiberson@vorys.com

Christopher E. Baker
cbaker@hklawfirm.com

Dustin R. DeNeal
dustin.deneal@faegrebd.com

Jay Jaffe
jay.jaffe@faegrebd.com

Harmony A. Mappes
harmony.mappes@faegrebd.com

Wendy W. Ponader
wendy.ponader@faegrebd.com

Joe T. Roberts
jratty@windstream.net

Robert K. Stanley
robert.stanley@faegrebd.com

U.S. Trustee
ustpreion10.in.ecf@usdoj.gov

I further certify that on April 12, 2012, a copy of the foregoing pleading was served via electronic mail transmission on the following:

Ashley S. Rusher
asr@blancolaw.com

Darla J. Gabbitas
darla.gabbitas@moyewwhite.com

/s/ Dustin R. DeNeal