

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION**

| | | |
|----------------------------|---|--------------------------|
| IN RE: |) | Chapter 11 |
| |) | |
| EASTERN LIVESTOCK CO., LLC |) | Case No. 10-93904-BHL-11 |
| |) | |
| Debtor. |) | |
| |) | Hon. Basil H. Lorch III |

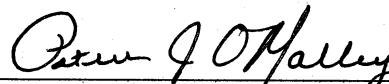
**DECLARATION OF PATRICK J. O'MALLEY IN SUPPORT OF
MOTION TO TRANSFER FUNDS AND
NOTICE OF RELEASE OF PROCEEDS FROM ACCOUNT**

I, Patrick J. O'Malley, hereby declare as follows:

1. I am a senior consultant and also serve as the Chief Financial Officer of Development Specialists, Inc. ("DSI"), a consulting firm that has provided management, turnaround and workout consulting, crisis management, financial advisory services and litigation support services including expert witness testimony for over three decades. DSI has offices throughout the United States including Los Angeles and San Francisco, California; Miami, Florida; Chicago, Illinois; New York, New York; and Columbus, Ohio. I have been employed by DSI for over twenty (20) years.
2. My primary responsibilities at DSI involve advising clients and other constituents within a bankruptcy or troubled-company situation. I have acted as a Chief Financial Officer, Financial Advisor, Chapter 11 Trustee, Responsible Party and Examiner in bankruptcy proceedings. I have also acted as financial advisor to troubled businesses both within and outside of a bankruptcy proceeding. I have significant experience in circumstances of fraud and forensics accounting.
3. I received my Bachelor of Business Administration with a concentration in Public Accounting from Loyola University of Chicago I am a licensed Certified Public Accountant (CPA) in the State of Illinois.
4. I am over the age of eighteen years old and am competent to testify. If called to testify at the hearing on the Trustee's Motion To Transfer Funds And Notice Of Release Of Proceeds From Account filed in the above-captioned bankruptcy case ("the Case"), I would testify as set forth below.

5. On November 9, 2010, Elizabeth M. Lynch of DSI was appointed as Receiver of Eastern Livestock Co. LLC ("Eastern") by the Court of Common Pleas, Hamilton County, Ohio.
6. On December 6, 2010 ("Petition Date") an involuntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. was filed against Eastern.
7. On December 8, the Court entered an order *Permitting Current Receiver To Act As Custodian To Continue To Administer The Debtor's Property And Prohibiting Debtor's Management and Owners From Exercising Any Rights Related To The Debtor And Its Assets.*
8. On December 27, 2010, the Court entered the *Order Approving The Appointment Of James A. Knauer As Chapter 11 Trustee.*
9. On February 08, 2011, DSI was retained to serve as the Consultant to the Chapter 11 Trustee in the Case.
10. As the consultant to the Trustee, DSI has become familiar with the business operations and books and records of Eastern. DSI has attempted to collect amounts due Eastern from the previous sale of cattle and sell cattle that were owned by Eastern.
11. I personally supervised the preparation of *Exhibit A to Motion To Transfer Funds And Notice of Release of Proceeds From Account.*
12. Of the \$7,256,488.59 listed in Proceeds to be Transferred To Operating Account in *Exhibit A to Motion To Transfer Funds And Notice of Release of Proceeds From Account*, at least \$1,603,287.69 represents cash remittances from customers where the underlying producer/supplier have been paid by Eastern. A listing of those cash remittances from customers where the underlying producer/supplier have been paid by Eastern is attached as Exhibit I to this Declaration.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 24th day of June, 2011 at New Albany, Indiana.



PATRICK J. O'MALLEY

Eastern Livestock Co., LLC
 Analysis of Cash Receipts; Through May 13, 2011
 Exhibit I to O'Malley Declaration

| Ref | Date of receipt | Payor | Customer | Total paid and held in holding account | Portion producer/ supplier paid | To remain in holding account | Paid producer/ supplier | Paid producer/supplier references (if available) |
|-----|-----------------|----------------------------|----------------|--|---------------------------------|------------------------------|------------------------------|--|
| 4 | 12/13/10 | Sam Countiss | | 31,236.72 | 31,236.72 | - | Superior | S Lot # 7045C |
| 5 | 12/13/10 | Robert Dobbs | | 49,981.65 | 49,981.65 | - | Superior | S Lot # 6303A |
| 18 | 01/18/11 | Jerry Thompson | | 54,782.96 | 54,782.96 | - | Superior | S Lots # 6332B, 6766 |
| 19 | 01/18/11 | Joe Thompson | | 193,603.79 | 106,469.68 | 87,134.11 | Superior | S Lots # 5013B, 6332B, 6766 |
| 38 | 02/18/11 | Bryan Mosier | | 79,658.39 | 79,658.39 | - | Superior, Todd Rosenbaum | S Lot # 9436 |
| 39 | 02/18/11 | Meyer Farms | Bryan Mosier | 88,458.38 | 88,458.38 | - | Superior, Todd Rosenbaum | S Lot # 9436 |
| 44 | 02/22/11 | Feller & Co | | 58,833.28 | 58,833.28 | - | Joplin Regional Regular Sale | |
| 55 | 03/07/11 | Fifth Third Bank | BACA | 331,752.03 | 71,532.21 | 260,219.82 | Superior, Producers Cattle | See below for BACA |
| 61 | 03/11/11 | Tri-County Electric | Refund | 348.21 | 348.21 | - | Not applicable | |
| 71 | 03/25/11 | Baca County Feed Yard | | 693,094.23 | 400,072.44 | 293,021.79 | Superior, Producers Cattle | S Lots # 9610B, 6437A, 6437B, 4710, 4711, 8929, 6830A, 9496, 6377C, 6360A, 6438A, 6397, 6394 |
| 78 | 04/08/11 | Nutritional Advances, Inc. | Steve Krajicek | 53,807.00 | 53,807.00 | - | Coffeyville, Ozark Regional | PC Lots 54450, 54451 |
| 80 | 04/08/11 | Steve Krajicek | | 326,679.71 | 274,119.71 | 52,560.00 | Superior | S Lots # 7671F & #7671G |
| 84 | 04/29/11 | Ralph Hoodenpyle | | 675,544.35 | 333,987.06 | 341,557.29 | Superior | S Lots #'s 6830C, 7045C, 6276, 6774, 6817B, 6818, 7083, 7084, 9367, 9428, 9405C |
| | | | | <u>2,637,780.70</u> | <u>1,603,287.69</u> | <u>1,034,493.01</u> | | |