

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:

EASTERN LIVESTOCK CO., LLC

DEBTOR

CASE NO. 10-93904
CHAPTER 11

**SUPPLEMENTAL OBJECTIONS TO TRUSTEE'S
MOTION REGARDING PAYMENT OF CATTLE SALE PROCEEDS**

Come Bluegrass Stockyards, LLC, Bluegrass Stockyards East, LLC, Bluegrass Stockyards of Campbellsville, LLC, Bluegrass Stockyards of Richmond, LLC, Bluegrass South Livestock Market, LLC, Bluegrass-Maysville Stockyards, LLC, East Tennessee Livestock Center, Inc., Piedmont Livestock Company, Inc., and Southeast Livestock Exchange, LLC (collectively, the "Unpaid Sellers"), by counsel, and respectfully submit the following supplemental objections to the Trustee's Purchase Money Claims Report, Motion to Transfer Funds and Notice of Release of Proceeds from Account [ECF No. 501] (the "Motion"):

I. General Information Regarding Unpaid Sellers and Cattle Proceeds

1. Upon information and belief, there are numerous unpaid sellers who have or will assert similar claims to these Unpaid Sellers.

2. Upon information and belief obtained from the most recent monthly operating report (the "MOR") for June, 2011 [ECF No. 632], there remains roughly \$23.7 million of cattle proceeds that have not yet been collected from the approximately 125 end-purchasers listed in the MOR. Upon further information and belief, this amount is in addition to: (a) the \$8.6 million collected since December 6, 2010 (the "Petition Date") which is the subject matter of the Trustee's Motion;

and (2) the approximately \$10 million paid into and collected in Eastern Livestock Co., LLC's ("Eastern Livestock") bank account at Fifth Third Bank ("Fifth Third") from the time that Fifth Third closed the account on approximately November 2, 2010 up through the Petition Date (as reflected

by the difference in Fifth Third's state court receivership action complaint and its proof of claim).

3. Upon information and belief, both through Eastern Livestock's ordinary-course books and records and additional documentation obtainable from other parties in interest, the Trustee and Development Specialists, Inc. ("DSI") have access to significant information detailing the exact cattle and unpaid sellers that are directly attributable to specific cattle proceeds payments (both those payments already received and those still outstanding). It is not an unmanageable number of transactions. Some of the parties in interest and cattle proceeds payments are currently involved in interpleader actions, and others are not yet involved in adversary proceedings. This information is not yet fully available to all parties in interest.

4. Many of the same factual and legal issues overlap a majority of the currently-pending adversary proceedings, in addition to being implicated in this Motion. It is likely that similar issues will arise in what appear to be inevitable future adversary proceedings over monies owed to unpaid sellers. Without the requirement and application of some type of overarching structure and process, it seems very likely that in excess of 100 adversary proceedings will be required for the Court to adequately determine the rights in cattle proceeds arising out of the multitude of cattle transactions involving Eastern Livestock and various unpaid sellers.

5. Information on these Unpaid Sellers is briefly described in the attached Exhibit A by way of example. For instance, East Tennessee Livestock Center, Inc. has a total claim of \$415,930.45 arising out of six (6) separate transactions. Three (3) of these six (6) transactions

totaling approximately \$153,000.00 are involved in the Friona adversary proceeding, and the other three totaling approximately \$262,000.00 are not yet asserted in any adversary proceeding.

II. Rights in all Cattle Sales Proceeds must be Determined by Adversary Proceeding, not Contested Matter.

6. The Trustee asserts that all of the “Cattle Sales Proceeds” (as defined in the Motion and Omnibus Reply) are “property of the Estate” under 11 U.S.C. § 541. *See* Trustee’s Omnibus Reply to Objections to Purchase Money Claims Report [ECF No. 564] (the “Omnibus Reply”). Assumedly, the Trustee will make similar assertions with respect to additional cattle sales proceeds that are collected in the future.

7. The Trustee (and assumedly Fifth Third) further asserts that Fifth Third has a valid, perfected, and first-priority lien in all of the Cattle Sales Proceeds under Fifth Third’s blanket UCC Article 9 security interest and its UCC-1 financing documents. *See* Motion and Omnibus Reply. Assumedly, the Trustee and Fifth Third will make similar assertions with respect to additional cattle sales proceeds that are collected in the future. Due to their “voluminous nature,” the entirety of the lending documents between Fifth Third and Eastern Livestock are not of record and are not attached to Fifth Third’s Proof of Claim [POC No. 13].

8. These Unpaid Sellers assert that the cattle proceeds from their respective cattle are not property of the Estate under 11 U.S.C. § 541, as they are impressed with a statutory trust in accordance with the Packers and Stockyards Act, 7 U.S.C. §§ 181, *et. seq.* (“PSA”), to the extent that Eastern Livestock was acting as a “market agency” in their respective transactions.

9. These Unpaid Sellers, as well as other unpaid sellers, assert that the cattle proceeds from their respective cattle are not property of the Estate under 11 U.S.C. § 541, as they are impressed with a prepetition constructive trust.

10. These Unpaid Sellers, as well as other unpaid sellers, assert that the entirety of 100% of the cattle proceeds from their respective cattle are not property of the Estate because Eastern Livestock's interest in the proceeds is not 100% of the purchase price, but only its small fee or commission earned on the transaction, which is much less than the entire purchase price for any given transaction.

11. It is fundamental bankruptcy law that the Trustee can take no greater rights than the Debtor, Eastern Livestock. Further, it is fundamental UCC law that a secured creditor can take no greater rights than its borrower may be able to grant.

12. It is also fundamental bankruptcy law that disputes such as those described above regarding whether cattle proceeds constitute "property of the estate," and the determinations of the validity, priority, and extent of liens or other interests in that property, must be brought by adversary proceeding unless agreed otherwise. Fed. R. Bankr. P. 7001.

III. The Trustee is a Fiduciary to all Parties in Interest.

13. It is fundamental bankruptcy law that a trustee appointed by any bankruptcy court is a fiduciary for the Estate and has obligations to treat all parties in interest fairly. *See, e.g., In re Moulded Prod., Inc.*, 474 F.2d 220 (8th Cir. 1973) (*citing Wolf v. Weinstein*, 372 U.S. 633 (1963)).

14. One of the most important functions of a fiduciary acting on behalf of a bankruptcy estate is to keep creditors informed. *See, e.g., In re Modern Office Supply, Inc.*, 28 B.R. 943 (Bankr. W.D. Okla. 1983). "Transparency" is a key ingredient to all Chapter 11 cases.

15. The Chapter 11 process is created to facilitate economies, informal negotiations, and consensual arrangements. *See, e.g., In re Barrington Oaks, Gen. P'ship*, 15 B.R. 952 (Bankr. D. Utah 1981).

16. From the Petition Date through April 30, 2011, the Trustee's professionals have collectively billed the Estate approximately \$1.5 million (roughly \$650,000 to the Trustee's general counsel, and roughly \$850,000 to the Trustee's financial consultants). These amounts have been allowed as administrative claims, on an interim basis, to be paid from unencumbered property of the Estate and from an agreed "carve-out" from Fifth Third's collateral of up to \$4 million. *See, e.g.*, [ECF Nos. 604, 605]. It is anticipated that the accrued additional amounts from May 1, 2011 to the present are likewise significant. The MOR through June 30, 2011 filed on July 26, 2011 [ECF No. 632], states that professional fees to date are in excess of \$2.5 million.

17. While the Estate has been billed and now has an allowed claim for over \$850,000 worth of work presumably for forensic accounting and other collection of fundamental factual information, this fundamental factual information is not yet informally available to parties in interest as of this date. Although the spreadsheet and background information that DSI has made available online with respect to the Trustee's Motion is helpful, it is not sufficient to allow these Unpaid Sellers to fully determine whether the sums collected by the Trustee and at issue in the Motion are proceeds of these Unpaid Sellers' cattle. The biggest problems with this information are that the documentation behind the various transactions listed in the spreadsheet is either not sufficient to allow these Unpaid Sellers to determine whether their cattle were in these transactions, and/or it is not organized in such a manner as to indicate which cattle were a part of a given transaction (e.g. an invoice for 120 cattle, when the load at issue is only 60, and the cattle came from multiple sellers—does not, alone, allow an unpaid seller to determine which of its cattle make up the shipment).

18. For these Unpaid Sellers to be able to make a definitive decision with respect to the amounts at issue in the Motion, the Unpaid Sellers need additional information and/or an explanation of documents already provided by DSI. They will require similar information with regard to any

future amounts that the Trustee collects and intends to distribute by future motion. Although the undersigned counsel notes that she has recently spoken to Trustee's counsel and a representative of DSI, who both indicated that they would work with these Unpaid Sellers in this regard to provide additional information, the additional information needed for the Unpaid Sellers to fully protect their rights in the Cattle Sales Proceeds at issue in the Motion will not be available before the deadline by which the Unpaid Sellers must file their Supplemental Objections.

19. At a minimum, the parties must have documentation to allow for tracing the origins of cattle and for determining which cattle make up what portion of a combined load. These Unpaid Sellers further require information regarding Eastern Livestock's business operations so that a determination can be made with respect to Eastern Livestock's interests in the cattle, as a market agency, dealer, or in some other capacity. By way of example, the items necessary to make this determination may include, but are not limited to: contracts between Eastern Livestock and the end-buyers of cattle; invoices that Eastern Livestock billed to its customers relating to all cattle transactions which will show the fees or commissions that Eastern Livestock charged its customers; documentation as to the original source of the cattle on each such invoice; copies of invoices and all other documents relating to cattle that Eastern Livestock purchased on its own behalf, if any; trucking documents; and such other documents arising from both sides of a given transaction.

20. There are now seven (7) pending adversary proceedings related to Eastern Livestock's bankruptcy, many of which involve the same or similar issues as are created by the Motion. This is only the beginning, as there are numerous other cattle sale transactions to address that are not yet the subject of an adversary proceeding. There are numerous unpaid sellers, many of whom are small farmers, ranchers, and livestock auction houses who cannot afford to spend \$850,000, or \$650,000, or other such similar sums to engage in protracted formal discovery. There

is not yet any committee formed who might represent these Unpaid Sellers or other similar parties. With all due respect to the Trustee and his professionals, much more is required than simple blanket one-line statements that the Trustee has decided that the bank has priority on 100% of all funds collected from cattle sales [See Motion], and by filing motions that are so obviously fundamentally flawed under Fed. R. Bankr. P. 7001. Right or wrong, these types of actions are perceived by other parties in interest as not being made by the type of trustee who is acting transparently and neutrally with respect to all constituencies of the Estate as is required by the Bankruptcy Code. The Motion should be denied until factual information is made available to all parties in interest, necessary to make determinations of Eastern Livestock's rights as described herein.

IV. The First Issue to be Addressed Should be a Determination Regarding which Sums are Property of the Estate.

21. To date, the Trustee has not been proactive in suggesting some overall "process" to ease the burdens on the Court and the parties. One suggestion has been to start first with making factual and legal determinations about what amounts are or are not "property of the Estate." The issues involving Eastern Livestock's operations under the PSA must be addressed in some fashion, as these are totally overarching issues which affect every single party in interest in this case.

A. Statutory Trust Funds for Cattle Proceeds where Eastern Livestock Acted as Market Agency.

22. It is undisputed that Eastern Livestock is required by law to comply with the PSA. There has been little discussion to date of the PSA's impact on the issues in this case.

23. Upon information and belief, Eastern Livestock acted as both a "market agency" and as a "dealer" as those terms are defined in the PSA at 7 U.S.C. §§ 201(c) and (d). This is a factually intensive and extremely important distinction, and the Trustee has apparently intentionally glossed

over this key issue, summarily stating that Eastern Livestock acted as a “dealer” with respect to the many thousands of transactions that it conducted in its day-to-day affairs. [See Motion, Omnibus Reply]. How an independent Trustee can make such a bald assertion is troubling in the face of all the PSA-related case law to date and the important factual distinctions which exist.

24. Eastern Livestock is required by law to comply with the PSA, and the filing of its bankruptcy does not impact the applicability of the PSA on a continuing basis, prepetition and postpetition, to both Eastern Livestock and the Trustee. See 28 U.S.C. § 959.

25. The Trustee has no rights greater than those of Eastern Livestock, and he is likewise bound by the PSA in this particular Chapter 11 proceeding.

26. The United States Department of Agriculture (“USDA”), acting by and through the Grain Inspection Packers and Stockyards Administration (“GIPSA”), has enacted regulations under the PSA which likewise are binding upon Eastern Livestock and the Trustee. These regulations are found in 9 C.F.R. Chapters 201 and 203.

27. All proceeds from cattle sales payable to Eastern Livestock while it acted as a “market agency” selling on commission are “trust funds” pursuant to the express language of 9 C.F.R.

§§ 201.39 and 201.42 and, therefore, do not constitute property of the Estate of Eastern Livestock in accordance with 11 U.S.C. § 541. See 9 C.F.R. § 201.42(a) (“Payments for livestock are trust funds. Each payment that a livestock buyer makes to a market agency selling on commission is a trust fund. Funds deposited in custodial accounts are also trust funds.”).

28. The PSA is remedial legislation which is to be construed liberally so as to effectuate its purposes. *Bowman v. U.S. Dept. of Agriculture*, 363 F.2d 81 (5th Cir. 1966).

29. One of the primary purposes of the PSA and its accompanying regulations is to protect the welfare of the public by assuring that sellers who are customers of market agencies and dealers are not victims of unfair trade practices. *See, e.g., In re Farmers & Ranchers Livestock Auction, Inc.*, 46 B.R. 781 (Bankr. E.D. Ark. 1984).

30. Likewise, a purpose of the PSA is to ensure the proper handling of shippers' funds and proper transmission to sellers, including prompt payment. The PSA is designed to prevent potential injury to sellers by stopping unlawful activities at their incipiency. *Bowman v. USDA*, 363 F.2d 81 (5th Cir. 1966); *see also, Van Wyk v. Bergland*, 570 F.2d 701 (8th Cir. 1978) (One purpose of the PSA is to assure fair trade practices to safeguard farmers and ranchers against recovering less than the fair value of their livestock. Timely payment in a livestock purchase prevents the seller from being forced, in effect, to finance the transactions); *In re Petersen*, 51 B.R. 486 (Bankr. D. Kan. 1985) (One purpose of the PSA is to ensure proper handling of livestock shippers' funds and their proper transmission to shippers); *Rowse v. Platte Valley Livestock, Inc.*, 604 F.Supp. 1463 (D. Neb. 1985) (citing *Donahue*, 59 F.2d 1019 (8th Cir. 1932) (one purpose of the PSA is to "protect the owner and shipper of livestock, and to free him from the fear that the channel through which his product passed, through discrimination, exploitation, overreaching, manipulation or other unfair practices, might not return to him a fair return for his product.")).

31. Furthermore, and most directly on point, one fundamental purpose of the PSA "is to prevent a market agency from using the trust account to finance its own operations." *In re Mid-South Order Buyers, Inc.* 315 N.W.2d 229, 235 (Neb. 1982).

32. It appears to be undisputed by all parties in interest that Eastern Livestock committed numerous violations of the PSA and numerous deceptive practices under the PSA. The USDA instituted administrative proceedings to that effect in November, 2010. *See attached Exhibit B.* The

Secretary of Agriculture has alleged that Eastern Livestock engaged in business as a dealer and as a market agency.

33. In addition to other “deceptive” violations under the PSA, a market agency or dealer can be suspended from operating if GIPSA determines that the covered party is insolvent. 7 U.S.C. § 204. “Insolvency” is defined as a situation where current liabilities exceed current assets, as those terms are defined under the PSA and related regulations. *Bowman v. U.S. Dept. of Agriculture*, 363 F.2d 81 (5th Cir. 1966); 9 C.F.R. § 203.10.

34. A market agency which does not maintain custodial accounts for trust funds which are separate from its own accounts acts in violation of the PSA. 7 U.S.C. §§ 213, 221; *Bowman, supra* (market agency violated PSA by not maintaining custodial accounts separate from own accounts); *Rowse v. Platte Valley Livestock, Inc.*, 604 F.Supp. 1463 (D. Neb. 1985) (conversion or commingling of trusts funds is an unjust practice under the PSA, and proceeds of cattle sales are trust funds in the hands of a market agency under 9 C.F.R. § 201.42).

35. Failure to maintain adequate and accurate books and records is also a ground for the USDA to seek to revoke operations under PSA. 7 U.S.C. § 221.

36. The decided case law under the PSA and the accompanying regulations is abundantly clear that cattle sale proceeds payable to a market agency selling on commission are impressed with a “custodial” nature, are held in a fiduciary capacity, and are impressed with an express statutory trust for the payments for cattle passing through the market agency’s hands. *See, e.g.*, the following:

- a. *Bowman v. U.S. Dept. of Agriculture*, 363 F.2d 81 (5th Cir. 1966) (funds which market agency received from sale of livestock were fiduciary accounts and constituted trust funds under the PSA).
- b. *South Central Livestock Dealers, Inc. v. Sec. State Bank*, 551 F.2d 1346 (5th Cir. 1977) (without discussion of PSA, court held that funds from a feedlot account were held in a

fiduciary nature and overruled directed verdict in favor of a bank. Unpaid sellers had sued bank for wrongful offset of custodial funds).

- c. *In re Matheson*, 10 B.R. 652 (Bankr. S.D. Ala. 1981) (9 C.F.R. § 201.42 “clearly expresses” the intent of the Secretary of Agriculture to place the stockyard owner, market agency and/or dealer in a fiduciary position by declaring that funds received as payment for livestock sold are a trust fund and such funds are to be maintained in an account designated as a custodial account. In accordance with 9 C.F.R. § 242.02 [sic] it is a direct violation to use the custodial funds for anything other than payments to sellers and costs associated with the sale).
- d. *In re Farmers and Ranchers Livestock Auction, Inc.*, 46 B.R. 781 (Bankr. E.D. Ark. 1984) (in holding that 11 U.S.C. § 362(b) did not stay PSA administrative proceedings, court discussed 9 C.F.R. § 201.42, stating that “custodial account” is to be maintained to collect all proceeds of livestock to be paid to the consigner or seller of the livestock, and such amounts are custodial funds and are “trust” funds).
- e. *In re Petersen* 51 B.R. 46 (Bankr. D. Kan. 1985) (custodial funds are trust funds designed to safeguard proceeds of livestock against losses suffered in instances of insolvency. Clearly the intent of the Secretary was to place the stockyard operator in a fiduciary position. A statutory trust was created by the Act).
- f. *Rowse v. Platte Valley Livestock, Inc.* 604 F.Supp. 1463 (D. Neb. 1985) (proceeds from cattle sales are trust funds under 9 C.F.R. § 201.42. They may not be offset by a bank asserting a security interest because of the trust nature of the proceeds).

37. Therefore, in accordance with the express statutory language, the express regulatory provisions, and the majority position of decided case law under the PSA, the cattle proceeds payable to Eastern Livestock, either received by Eastern Livestock prepetition, received by the Trustee postpetition, or still held by third parties for eventual payment, are “trust funds” held solely for the respective unpaid seller for those specific cattle proceeds, in those particular situations where

Eastern Livestock was operating as a “market agency” receiving a “commission” for its services. The Motion is premature, and it should be denied in its entirety until the facts are shown and the law established.

B. Eastern Livestock’s “Rights” in the Cattle Sale Proceeds.

38. Both the Trustee and Fifth Third apparently take the position that Eastern Livestock is now entitled to 100% of the total purchase price for the many outstanding transactions still at issue, involving these and other unpaid sellers. No one has provided any factual information to support this allegation, which has only been made in the most conclusory of fashions thus far.

39. The factual differences in the many sales transactions are key, and they must be proven with respect to each separate transaction. Where Eastern Livestock is indeed shown to have been acting as a “dealer,” and it is PROVEN, by evidence, that Eastern Livestock was buying and selling cattle on its own behalf, then the arguments and rights will be different from those transactions where Eastern Livestock was buying and selling as a market agency, a clearing agency, a broker, and/or an order-buyer, acting on behalf of the ultimate end-buyer for a commission or fee. The invoicing from both sides of the transaction, the trucking records, and Eastern Livestock’s internal books and records will begin to show how each transaction was conducted, as well as the historic dealings between Eastern Livestock and the given parties. The Trustee cannot act as an independent fiduciary with respect to all parties and, at the same time, allege that Eastern Livestock acted solely on its own behalf in 100% of its cattle sales transactions, buying and selling cattle for its own account, because it is clear that this is simply not true.

40. It is clear under established UCC Article 9 law that Fifth Third’s lien cannot attach to assets in which Eastern Livestock has insufficient “rights in the collateral” to grant such a lien, in accordance with UCC Section 9-203. *See, e.g., In re A&S Livestock, Inc*, 2011 WL 2144567 (Bankr.

W.D. Ky. 2011) (citing *Continental Grain v. Brandenburg*, 587 N.W.2d 196 (S.D. 1998) (a debtor who contracted to “background” cattle did not have “rights” in the cattle for bank’s lien to attach).

41. While the issues are going to be factually intensive, and will differ on a case by case basis, these are no grounds upon which to make blanket and bald assertions that solely favor Fifth Third’s entitlement to 100% of cattle transaction proceeds, when the facts do not support this outcome. Eastern Livestock is not entitled to 100% of the sales proceeds when it was acting as a broker earning only a commission on the sale. Eastern Livestock cannot pledge assets that it does not have. The Motion is premature, and it should be denied in its entirety until the evidence is presented and these legal issues are decided. These Unpaid Sellers assert their respective rights to have evidence presented on their transactions to be able to determine the nature of Eastern Livestock’s rights therein on a transaction by transaction basis.

V. Denial of Trustee’s Motion Pursuant to 11 U.S.C. § 502(d).

42. Neither the Trustee nor Fifth Third has yet explained the portion of Fifth Third’s claim which arises from its depository relationship as opposed to its lending relationship with Eastern Livestock. In its Complaint filed in the Ohio Court of Common Claims on November 9, 2010, Fifth Third alleged that as of November 2, 2010, when Fifth Third froze Eastern Livestock’s depository accounts, Fifth Third had an outstanding claim of at least \$13 million, if not more, arising from overdrafts in the accounts. [Case No. A1010267]. Thereafter, in its Proof of Claim [POC No. 13] filed to represent its balance due at the Petition Date, Fifth Third alleged that its claim arising from the overdraft was only approximately \$2.7 million as of the Petition Date. Therefore, upon information and belief, Fifth Third appears to have collected and applied to its unsecured overdraft claims the funds which were deposited in Eastern Livestock’s account in excess of \$10 million between November 2, 2010, when it froze the account, and the Petition Date, December 6, 2010. No

accounting has ever been made of these funds, and whether these amounts are wrongfully applied “trust funds” or cash proceeds to which Eastern Livestock lacked an interest is also unknown at this time.

43. If Fifth Third wrongfully offset custodial/trust funds or funds not owned by Eastern Livestock, or even rightfully offset non-custodial funds owned by Eastern Livestock on the eve of the filing, then it seems fundamental that there appear to be potential issues and avoidance claims against Fifth Third in excess of \$10 million. This may be completely innocent, but it is a red flag that no one has addressed. Until these issues are sorted out, no proceeds can be distributed to Fifth Third or to the Trustee’s operating account as Fifth Third’s alleged cash collateral, pursuant to 11 U.S.C. § 502(d).

WHEREFORE, these Unpaid Sellers respectfully request that the Court:

(a) Deny the Motion, without prejudice to being brought at such later time as the facts are proven on a transaction by transaction basis;

(b) Order and compel the Trustee to propose simplified processes for informal factual information sharing, to and including proposed stipulations of fact which would be supported with informal information provided by the Trustee/DSI about each transaction at issue involving cattle proceeds. To date, insufficient information is available to the parties in interest with regard to Eastern Livestock’s books and records and a rudimentary understanding of its day-to-day affairs. Parties in interest are entitled to fundamental financial information regarding Eastern Livestock’s affairs, and it should not require Fed. R. Bank. P. 2004 exams to get access to same in a Chapter 11 proceeding, especially one with an independent Trustee;

(c) Initially address the issues involving which sums are property of the Estate and which sums are not by addressing the factual issues involving Eastern Livestock’s operations as a “market

agency” or broker acting on commission, as opposed to a “dealer” buying and selling on its own behalf. The amounts of money at issue will be dramatically affected by this fundamental factual issue, as will the rights of Fifth Third and all other parties in interest. There is no need to force small parties in interest to engage in protracted litigation on esoteric legal issues if cattle proceeds do not belong to Eastern Livestock or the Estate; and

(d) Grant these Unpaid Sellers such other and further relief as the Court deems just and proper.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In addition to the parties who will be served electronically by the Court’s ECF System, the undersigned certifies that a true and accurate copy of the foregoing was served by first-class U.S. mail, postage prepaid, and/or electronic mail on August 1, 2011 on the parties listed below:

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I further certify that on August 1, 2011, a copy of the foregoing was mailed by first-class U.S. mail, postage prepaid and properly addressed, to the following:

Bovine Medical Associates, LLC
1500 Soper Road
Carlisle, KY 40311

National Cattlemen's Beef Association
c/o Alice Devine
6031 SW 37th Street
Topeka, KS 66610

/s/ Laura Day DelCotto, Esq. _____
COUNSEL FOR THESE UNPAID SELLERS

Z:\Clients\ELC-Gibson\Eastern Livestock Bkcy IN 10-93904\Pleadings\Obj T'ee Mot to Dist Funds (Supp) 20110801.doc

Exhibit A

Bluegrass Stockyards, LLC - POC No. 219												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
10/19/2010	TBD	551	80	51,097	\$449.65 (short paid)	N/A	N/A	N/A	TBD	TBD	None	
11/1/2010	TBD	TBD	282	150,295	\$156,086.35	N/A	N/A	N/A	TBD	TBD	None	
11/1/2010	TBD	544	95	51,372	\$55,635.88	N/A	N/A	N/A	TBD	TBD	None	
11/1/2010	TBD	546	69	50,054	\$50,179.14	N/A	N/A	N/A	TBD	Fiona Industries	Fiona AP	
11/1/2010	TBD	548	75	47,363	\$43,929.18	N/A	N/A	N/A	TBD	Fiona Industries	Fiona AP	
11/1/2010	TBD	549	90	48,280	\$45,753.52	N/A	N/A	N/A	TBD	Fiona Industries (20 head of heifers)	Fiona AP	
11/2/2010	TBD	TBD	128	75,255	\$75,003.45	N/A	N/A	N/A	TBD	TBD	None	
11/3/2010	TBD	610	72	47,883	\$49,176.37	N/A	N/A	N/A	TBD	TBD	None	
11/3/2010	TBD	616	56	49,797	\$50,563.87	N/A	N/A	N/A	TBD	TBD	None	
11/9/2010	TBD	TBD	N/A	Yardage	\$1,590.00	N/A	N/A	N/A	TBD	TBD	None	
TOTAL					\$527,917.76			\$0.00				
Bluegrass South Livestock Market, LLC - POC No. 216												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
10/11/2010	TBD	TBD	4	2,386	\$2,149.21	N/A	N/A	N/A	TBD	TBD	None	
10/28/2010	TBD	TBD	328	262,530	\$268,105.60	124873	10/29/2010	\$268,105.60	TBD	TBD	None	
11/1/2010	TBD	TBD	16	10,150	\$9,733.53	N/A	N/A	N/A	TBD	TBD	None	
TOTAL					\$279,988.34			\$268,105.60				
Bluegrass Stockyards of Richmond, LLC - POC No. 217												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
10/29/2010	TBD	TBD	201	172,795	\$181,440.99	124890	11/1/2010	\$520.00	TBD	Part to Doug Sundeman (?)	None	
TOTAL					\$181,440.99			\$180,920.99				
Bluegrass Stockyards East, LLC - POC No. 220												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
11/3/2010	TBD	TBD	38	30,195	\$26,796.22	N/A	N/A	\$0.00	TBD	Part to Broughton Cattle (?)	None	
TOTAL					\$26,796.22			\$0.00				
Bluegrass Stockyards of Campbellsville, LLC - POC No. 221												
Sale Date	Ship Date	Lot or Invoice No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
10/27/2010	TBD	TBD	174	111,895	\$120,742.01	124792 (part of pmt for below sale)	10/28/2010	\$40,759.00	TBD	Luken Dairy Farm (Birdseye, IN - 59 head)	None	
10/27/2010	TBD	TBD	92	62,600	\$60,383.82	124799 (part of pmt for above sale)	10/28/2010	\$140,366.99	TBD	TBD (part may be to Luken Dairy--see above)	None	
10/30/2010	TBD	Inv. 52910	7	1,385	\$1,431.80	125026	11/1/2010	\$1,431.80	TBD	TBD	None	
11/3/2010	TBD	TBD	129	75,130	\$76,173.87	N/A	N/A	N/A	TBD	Part to Gary Robinson (?)	None	
11/3/2010	TBD	TBD	37	27,410	\$24,444.09	N/A	N/A	N/A	TBD	Part to Gary Robinson (?)	None	
TOTAL					\$283,175.59			\$182,556.79				
Bluegrass-Maysville Stockyards, LLC - POC No. 218												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Beloved End Yard (if known)	Action Pending	
10/26/2010	TBD	TBD	18	10,030	\$9,070.40	124860	10/27/2010	\$9,070.40	TBD	TBD	None	
11/2/2010	TBD	TBD	45	27,830	\$26,761.59	N/A	N/A	N/A	TBD	TBD	None	
TOTAL					\$35,831.99			\$9,070.40				

Exhibit A (cont'd)

East Tennessee Livestock Center, Inc. - POC No. 172												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Believed End Yard (if known)	Action Pending	
10/20/2010	10/25/2010	Video Lots 1,2 Inv. 2935368	138	98,409	\$101,755.35	123391	10/26/2010	\$101,755.35	TBD	TBD	None	
10/22/2010	TBD	TBD	200	145,230	\$145,824.73	123212	10/25/2010	\$145,749.73	TBD	TBD	None	
10/27/2010	TBD	TBD	30	13,875	\$14,886.20	124745	10/28/2010	\$14,886.20	TBD	TBD	None	
10/27/2010	11/1/2010	Inv. 295475	57	49,050	\$50,526.41	N/A	N/A	N/A	East-West Trucking Co.	Cactus Feeders (Jlysses, KS)	Cactus AP	
10/27/2010	11/1/2010	TBD Inv. 295475	66	48,417	\$52,600.23	N/A	N/A	N/A	TBD	Fiona Industries (Amarillo, TX)	Fiona AP	
10/27/2010	11/2/2010	Video Lot 6 Inv. 295476	65	48,976	\$50,337.53	N/A	N/A	N/A	East-West Trucking Co.	Fiona Industries (Amarillo, TX)	Fiona AP	
TOTAL					\$415,930.45			\$262,391.28				
Piedmont Livestock Company, Inc. - BMC Group POC No. 317												
Sale Date	Ship Date	Invoice No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Believed End Yard (if known)	Action Pending	
10/22/2010	10/23/2010	7519	177	149,285	\$164,671.12	123191	10/25/2010	\$164,671.12	Nathan T. Deacon Trucking, LLC	Kuner Feedlot (Kersey, CO)	None	
10/25/2010	TBD	7526	60	50,665	\$53,817.98	123317	10/26/2010	\$53,817.98	Weiss Transport	Kuner Feedlot (Kersey, CO)	None	
10/27/2010	10/27/2010	7529	59	50,615	\$43,366.93	124790	10/28/2010	\$43,366.93	JJT, LLC	Lueken Daily Farm (Birdseye, IN)	None	
10/27/2010	10/27/2010	7533	57	50,660	\$50,153.40	124806	10/28/2010	\$50,153.40	Hollapp Trucking	Five Rivers Feed Yard (Yuma, CO)	None	
-	-	7535	Freight	-	\$4,219.50	N/A	N/A	N/A	freight cost for 57 head above	-	-	
10/28/2010	10/28/2010	7537	63	49,040	\$49,178.55	N/A	N/A	N/A	Johnmeyer Cattle Co., Inc.	J & F Oklahoma Holdings, Inc.	J&F AP	
TOTAL					\$365,407.48			\$312,009.43				
Southeast Livestock Exchange, LLC - POC No. 179												
Sale Date	Ship Date	Lot No.	No. of Head	Total Pay Weight	Sale Amount	Returned Check No.	Returned Check Date	Returned Check Amount	Trucking Company	Believed End Yard (if known)	Action Pending	
10/22/2010	TBD	259	65	48,471	\$53,318.10	123183	10/25/2010	\$53,318.10	TBD	Atkinson Livestock (IL)	None	
10/22/2010	10/22/2010	243	73	48,824	\$55,378.73	123195	10/25/2010	\$110,365.59	Ike's Trucking, Inc.	Atkinson Livestock (IL)	None	
10/23/2010	TBD	240	81	47,216	\$54,433.75	See check above	See check above	See check above	Ike's Trucking, Inc.	Atkinson Livestock (IL)	None	
10/25/2010	TBD	191	77	47,040	\$52,471.00	123366	10/26/2010	\$104,022.02	TBD	Yuma Feedlot (CO)	None	
10/25/2010	TBD	284	71	50,982	\$51,551.02	See check above	See check above	See check above	Eastern Trucking	Yuma Feedlot (CO)	None	
10/25/2010	TBD	371	115	99,485	\$96,649.68	123315	10/26/2010	\$96,649.68	TBD	Kuner Feedlot (CO)	None	
10/26/2010	TBD	461	62	47,608	\$49,155.26	124651	10/27/2010	\$49,155.26	TBD	Kuner Feedlot (CO)	None	
10/27/2010	TBD	370	124	95,850	\$97,767.00	124578	10/27/2010	\$97,767.00	TBD	Kuner Feedlot (CO)	None	
11/1/2010	11/1/2010	251	136	99,372	\$109,567.57	N/A	N/A	N/A	Buddy Head Livestock & Trucking, Inc.	Larry Zelen (Atkinson, IL)	None	
11/1/2010	11/1/2010	317	67	49,118	\$52,801.85	N/A	N/A	N/A	Second Chance Trucking	J&F Oklahoma Holdings, Inc.	J&F AP	
11/1/2010	11/1/2010	318	57	48,471	\$50,773.37	N/A	N/A	N/A	Second Chance Trucking	J&F Oklahoma Holdings, Inc.	J&F AP	
11/3/2010	11/3/2010	310	84	48,206	\$50,616.30	N/A	N/A	N/A	Second Chance Trucking	Fiona Industries	Fiona AP	
TOTAL					\$721,165.53			\$457,959.55				

EXHIBIT B

ORIGINAL

UNITED STATES
DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

NOV 17 11 3 51

BEFORE THE SECRETARY OF AGRICULTURE

RECEIVED

In re:) P & S Docket No. D-11-0062
)
 Eastern Livestock Company LLC and)
 Thomas P. Gibson,)
)
 Respondents) Complaint

There is reason to believe that the Respondent named herein have willfully violated the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. § 181 *et seq.*) (the Act) and the regulations promulgated thereunder by the Secretary of Agriculture (9 C.F.R. § 201.1 *et seq.*) (the regulations), and, therefore, this complaint is issued alleging the following:

I

(a) Eastern Livestock Company LLC (hereinafter "Respondent LLC") is a limited liability company with a physical address and mailing address of 135 West Market Street, New Albany, Indiana 47150.

(b) Respondent LLC, at all times material herein, was:

- (1) Engaged in the business of a dealer buying and selling livestock in commerce for its own account and of a market agency providing clearing services; and
- (2) Registered with the Secretary of Agriculture as a dealer buying and selling livestock in commerce for its own account and as a market agency providing clearing services.

(c) Thomas P. Gibson (hereinafter "Individual Respondent"), at all times material herein was:

- (1) The 65% owner of Respondent LLC;
- (2) The President of Respondent LLC; and

(3) Responsible for the day to day direction, management and control of Respondent LLC.

II

(a) Respondent LLC., under the direction, management, and control of Individual Respondent, purchased livestock and failed to pay for such livestock purchases. As of the filing of this Complaint, the Packers and Stockyards Program had received sworn bond claims from 74 sellers for 2640 head of cattle sold to Respondent LLC in 96 transactions, in a total amount of \$1,588,711.75. A schedule of these allegations of failure to pay for livestock is attached hereto as Appendix A.

(b) As of November 8, 2010, Respondent LLC's records reflected a balance of accounts payable, for which no payment had been tendered, of \$3,698,253.00.

(c) As of November 5, 2010, according to Respondent LLC's records, Respondent LLC had issued checks which were dishonored by the bank against which they were drawn in the total amount of \$81,035,249.56.

(d) The Packers and Stockyards Program has received from livestock sellers copies of checks which Respondent LLC issued in purported payment for cattle purchases and which were returned as dishonored by the bank against which they were drawn, in a total amount of \$11,636,008.79. A schedule of such unpaid checks issued to livestock sellers by Respondent LLC is attached hereto as Appendix B.

(e) Respondent LLC, under the direction, management, and control of Individual Respondent, during the period August 31, 2009 through January 22, 2010, failed to make prompt payment to four (4) sellers, in regard to 21 transactions, for 2,424 head of cattle in a total amount

of \$1,121,888.88 when Respondent LLC failed to deposit checks therefor in the United States mail within the time limits specified in the Act.

III

Respondent LLC was notified by certified mail, received June 17, 2010, that it was necessary to increase its surety bond to \$1,150,000.00 to secure its livestock operations under the Act before continuing in such operations. Further, Respondent LLC was notified that if it continued its livestock operations under the Act without adequate bond coverage or its equivalent, it would be in violation of section 312(a) of the Act (7 U.S.C. § 213(a) and sections 201.29 and 201.30 of the regulations (9 C.F.R. §§ 201.29, 201.30). Notwithstanding such notice, Respondent LLC continued to engage in the business of a dealer buying and selling livestock on its own account and as a market agency providing clearing services without maintaining an adequate bond or its equivalent.

IV

By reason of the facts alleged in paragraph I herein, Respondent LLC is the *alter ego* of Individual Respondent.

By reason of the facts alleged in paragraph II herein, Respondents have willfully violated sections 312(a) and 409 of the Act (7 U.S.C. §§ 213(a), 228b).

By reason of the facts alleged in paragraph III herein, Respondents have willfully violated section 312(a) of the Act (7 U.S.C. § 213(a)) and sections 201.29 and 201.30 of the regulations (9 C.F.R. § 201.29, 201.30).

WHEREFORE, it is hereby ordered that for the purpose of determining whether Respondents have in fact willfully violated the Act and the regulations thereunder, this complaint shall be served upon Respondents. Respondents shall have twenty (20) days after receipt of this complaint in which to file an answer with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, in accordance with the Rules of Practice governing proceedings under the Act (7 C.F.R. § 1.130 *et seq.*). Failure to file an answer will constitute an admission of all the material allegations of this complaint.

Packers and Stockyards Program, GIPSA, requests:

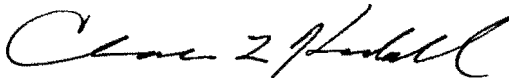
1. That unless Respondents fail to file an answer within the time allowed therefor, or file an answer admitting all the material allegations of this complaint, this proceeding be set for oral hearing in accordance with the Rules of Practice governing proceedings under the Act; and
2. That such order or orders be issued, including an order requiring Respondents to cease and desist from the violations found to exist, and assessing such penalties as are authorized by the Act and warranted in the premises.

Done at Washington, D.C.

this 19 day of November 2010



Alan R. Christian
Deputy Administrator
Packers and Stockyards Program



Charles L. Kendall
Attorney for Complainant
Telephone: (202) 720-9405

APPENDIX A

Seller	Sale Date	State	Amount Unpaid
Alabama Livestock Auction, Inc.	10/23/2010	139	\$106,072.68
Alabama Livestock Auction, Inc.	10/29/2010	56	\$49,597.28
Alvin Barbee	10/26/2010	10	\$5,525.12
Avalon Russell	11/2/2010	2	\$1,179.24
Ben H. Armstrong	11/2/2010	4	\$2,173.32
Bill Warren	10/19/2010	8	\$4,732.39
Billie W. Hurt	11/2/2010	18	\$11,583.25
Billy Wayne Price	11/2/2010	2	\$787.52
Bluegrass - Maysville Stockyard, LLC	10/26/2010	18	\$9,070.40
Bluegrass - Maysville Stockyard, LLC	11/2/2010	45	\$26,761.59
Bob Sawyers	11/2/2010	12	\$7,874.23
Boyd Copas	11/2/2010	2	\$897.93
Brack D. Briscoe	11/1/2010	23	\$9,894.15
Brad Flood	9/15/2010	18	\$4,267.50
Brad Flood	9/15/2010	1	\$331.50
Brystice Amanger Wright	11/2/2010	1	\$656.72
Burke Livestock Auction	10/30/2010	19	\$14,097.27
Butch Gibson	11/1/2010	6	\$2,955.16
Cattleman's Livestock	10/19/2010	33	\$8,997.21
Cattleman's Livestock	10/26/2010	67	\$25,892.68
Cattleman's Livestock	10/26/2010	16	\$4,392.78
Cattleman's Livestock	11/2/2010	86	\$33,454.38
Cattleman's Livestock	11/2/2010	39	\$10,165.09
Charles M. Rush	11/2/2010	1	\$627.00
Charlie T. Fisher	11/2/2010	3	\$955.21
Danny Clifton Billingsley	11/2/2010	1	\$506.77
Darrell Lynn Wood	11/2/2010	8	\$4,825.90
Delphia Ann Garrett	10/19/2010	7	\$2,726.74
Delphia Ann Garrett	10/19/2010	8	\$3,371.44
Delphia Ann Garrett	10/26/2010	5	\$2,665.79
Denwalt & Son Cattle Co.	10/22/2010	66	\$51,413.40
Donald Hawks	11/2/2010	10	\$5,462.71
Donald R. Alexander	11/2/2010	40	\$26,717.77
Donnie Coomer	11/2/2010	3	\$1,192.39
Eddie Claywell	11/2/2010	1	\$1,478.59
Floyd Haywood Marr	11/2/2010	5	\$2,192.82
Frederick David Thomas	11/2/2010	5	\$2,326.85
Gabriel Moreno Medina	10/27/2010	160	\$99,321.86
Gabriel Moreno Medina	10/28/2010	137	\$97,162.65
Garrett, Susan (Brilyn & Bailee)	10/19/2010	2	\$1,304.06
Gary Tate	11/4/2010	203	\$159,268.50
Homer Copeland	11/2/2010	12	\$7,065.88
James Robert Flickinger	11/2/2010	15	\$5,854.20

APPENDIX A

Seller	Sale Date	State	Amount Unpaid
James H. Gibson	11/2/2010	8	\$3,986.79
Jared Ross Smith	11/2/2010	7	\$2,206.75
JC Billingsley	11/2/2010	2	\$1,083.52
Jerel Smith	11/2/2010	7	\$2,206.76
Jerry Bagby	11/2/2010	3	\$1,225.09
Jerry Herald	10/26/2010	6	\$2,920.66
Jesse W. Simpson	10/26/2010	1	\$514.10
Jimmie Dale High	11/2/2010	5	\$2,527.25
Jimmie Dale High	11/2/2010	4	\$1,515.90
John D. Thompson	11/2/2010	12	\$7,026.20
Joshua Brian Loftis	11/2/2010	7	\$5,469.41
Junior Martin	11/2/2010	9	\$6,514.31
Junior Martin	11/2/2010	9	\$4,889.59
Kelly Jeffries	11/2/2010	1	\$524.51
Kenneth Cowles	11/2/2010	7	\$3,640.03
Kenneth Sanders	11/2/2010	9	\$4,497.03
L&F Cattle (Troy Lathan & Joe Foote)	10/12/2010	194	\$160,121.56
Larry Woody	11/2/2010	4	\$2,917.49
Leland Douglas Glass	11/2/2010	14	\$9,241.06
Lenice H. Gibson	11/2/2010	2	\$901.27
Long Farms (Keith Long)	11/2/2010	9	\$6,880.08
Lynn D. Hirsch	11/3/2010	51	\$33,142.20
Michael Emberton	11/2/2010	10	\$4,564.01
Natural Bridge Stockyard	10/26/2010	24	\$12,634.17
Natural Bridge Stockyard	11/2/2010	29	\$13,958.01
Okeechobee Livestock Market, Inc.	10/25/2010	41	\$13,671.72
Okeechobee Livestock Market, Inc.	10/25/2010	16	\$4,404.03
Okeechobee Livestock Market, Inc.	10/26/2010	43	\$15,171.87
Okeechobee Livestock Market, Inc.	11/1/2010	18	\$5,623.55
Okeechobee Livestock Market, Inc.	11/2/2010	44	\$14,658.25
Ozarks Regional Stockyards, Inc	10/13/2010	21	\$11,503.15
Ozarks Regional Stockyards, Inc	10/26/2010	292	\$235,581.99
Ozarks Regional Stockyards, Inc	10/27/2010	22	\$12,176.01
Rachel Phelps	11/2/2010	2	\$876.65
Randy Nelson	11/1/2010	11	\$5,673.19
RD Lane	11/2/2010	16	\$9,067.10
Richard Hope	11/2/2010	6	\$3,543.24
Rita Cravens	11/2/2010	11	\$8,212.58
Roger Turner	10/26/2010	4	\$1,831.30
Roy Dee Blythe	11/2/2010	5	\$2,281.89
Roy Kinslow	11/2/2010	17	\$8,571.48
Roy Pace	11/2/2010	13	\$7,413.90
Scott Christopher Cowles	11/2/2010	12	\$4,990.07

APPENDIX A

Seller	Sale Date	State	Amount Unpaid
Scotts Hill Stockyard c/o James Linville	10/25/2010	51	\$23,288.98
Scotts Hill Stockyard c/o James Linville	11/1/2010	79	\$9,381.59
Todd Lynn	11/2/2010	19	\$10,583.44
Wesley Kinslow	11/2/2010	12	\$6,264.89
Wetstone Creek	11/2/2010	24	\$18,492.20
Willard R. Odle	11/2/2010	16	\$5,138.48
William Rex Elmore	10/26/2010	65	\$25,728.36
William Rex Elmore	11/2/2010	9	\$4,010.19
William Rex Elmore	11/2/2010	12	\$3,914.98
William White	11/2/2010	8	\$3,749.00
TOTAL		2640	\$1,588,711.75

APPENDIX B

Eastern Livestock Co., LLC Checks Not Honored			
Check Number	Date	Payee	Amount
15882	10/19/2010	Brilyn & Bailee Garrett	\$ 1,304.06
15883	10/19/2010	Delphia Garrett	\$ 2,726.74
15900	10/19/2010	Delphia Garrett	\$ 3,371.44
15915	10/19/2010	Bill Warren	\$ 4,732.39
15974	Unclear	Jerry Herald	\$ 2,920.66
15993	10/26/2010	Alvin Barbee	\$ 5,525.12
15997	10/26/2010	Delphia Garrett	\$ 2,665.79
16064	10/26/2010	Rex Elmore	\$ 25,728.36
16078	10/26/2010	Roger Turner	\$ 1,831.30
16083	10/26/2010	Jessie Simpson	\$ 508.56
16105	11/2/2010	Rex Elmore	\$ 4,010.19
16111	11/2/2010	Rachael Phelps	\$ 876.65
16121	11/2/2010	Butch Gibson	\$ 2,955.16
16126	11/2/2010	Jared Smith	\$ 2,206.75
16128	11/2/2010	Charles Rush	\$ 621.12
16132	11/2/2010	Randy Nelson	\$ 5,673.19
16135	11/2/2010	Rex Elmore	\$ 3,914.98
16138	11/2/2010	Billy Hurt	\$ 5,663.04
16152	11/2/2010	Todd Lynn	\$ 10,583.44
16154	11/2/2010	Fred Thomas	\$ 2,326.85
16158	11/2/2010	R.D. Lane	\$ 9,067.10
16159	11/2/2010	Kelly Jeffries	\$ 524.51
16162	11/2/2010	Long Farm	\$ 4,262.28
16163	11/2/2010	Boyd Copas	\$ 897.93
16172	11/2/2010	Scott Cowles	\$ 4,990.07
16173	11/2/2010	Billy Wayne Price	\$ 787.52
16174	11/2/2010	Haywood Marr	\$ 2,192.82
16184	11/2/2010	Jim Flickinger	\$ 5,854.20
16185	11/2/2010	Rita Cravens	\$ 8,212.58
16187	11/2/2010	Billy Hurt	\$ 5,920.21
16188	11/2/2010	Jerry Bagby	\$ 1,225.09
16191	11/2/2010	Wesley Kinslow	\$ 6,264.89
16196	11/2/2010	Bob Sawyers	\$ 7,874.23
16197	11/2/2010	Charlie Fisher	\$ 955.21
16199	11/2/2010	Larry Woody	\$ 2,917.49
16200	11/2/2010	Roy Kinslow	\$ 8,571.48
16202	11/2/2010	Donald Hawks	\$ 5,462.71
16203	11/2/2010	Kenneth Sanders	\$ 4,382.03
16204	11/2/2010	Kenneth Sanders	\$ 75.00
16216	11/2/2010	Ben Armstrong	\$ 2,173.32
16219	11/2/2010	Long Farm	\$ 2,617.80

APPENDIX B

Eastern Livestock Co., LLC Checks Not Honored			
Check Number	Date	Payee	Amount
16232	11/2/2010	James Gibson	\$ 3,986.79
16241	11/2/2010	Junior Martin	\$ 6,514.31
16244	11/2/2010	Danny Billingsley	\$ 506.77
16245	11/2/2010	JC Billingsley	\$ 1,083.52
16252	11/2/2010	Richard Hope	\$ 3,543.24
16254	11/2/2010	Avalon Russell	\$ 1,179.24
16257	11/2/2010	LH Gibson	\$ 901.27
16264	11/2/2010	Donnie Coomer	\$ 1,192.39
16265	11/2/2010	Eddie Claywell	\$ 1,478.49
16269	11/2/2010	Homer Copeland	\$ 7,065.88
16270	11/2/2010	Darrell Wood	\$ 4,825.90
16271	11/2/2010	John Thompson	\$ 7,026.20
16279	11/2/2010	Leland Glass	\$ 9,241.06
16280	11/2/2010	Donald Alexander	\$ 26,717.77
16283	11/2/2010	Josh Loftis	\$ 5,469.41
16286	11/2/2010	Roy Blythe	\$ 2,281.89
16288	11/2/2010	W.R. Odle	\$ 5,138.48
16296	11/2/2010	Junior Martin	\$ 4,889.59
31241	10/27/2010	Gabriel Moreno	\$ 99,321.86
31245	10/28/2010	Gabriel Moreno	\$ 97,162.65
32691	10/29/2010	Dante Zago and Farm Credit	\$ 34,093.10
33557	10/23/2010	Cullman Stockyard	\$ 42,708.02
35472	Unclear	L&F Cattle	\$ 160,121.56
35476	Unclear	Dick Wallace	\$ 49,363.43
35483	Unclear	Gary Tate	\$ 159,268.50
122797	10/20/2010	JC Bar Trucking	\$ 3,445.20
122880	10/20/2010	Cattlemen's Livestock Auction	\$ 8,925.86
122926	10/21/2010	Vanderbrink Trucking	\$ 4,218.00
122953	10/21/2010	Jack Roth Trucking	\$ 9,626.50
123185	10/26/2010	Mid-South Livestock Center	\$ 46,550.97
123197	10/25/2010	Superior Livestock Auction	\$ 304,301.70
123199	10/25/2010	Superior Livestock Auction	\$ 114,695.00
123201	10/25/2010	Superior Livestock Auction	\$ 116,817.21
123203	10/25/2010	Superior Livestock Auction	\$ 163,490.92
123205	10/25/2010	Superior Livestock Auction	\$ 125,987.95
123208	10/26/2010	Denwalt & Sons Cattle Co, LLC	\$ 51,413.40
123210	10/25/2010	Superior Livestock Auction	\$ 142,314.43
123211	10/25/2010	Superior Livestock Auction	\$ 165,749.84
123227	10/25/2010	Superior Livestock Auction	\$ 159,303.28
123229	10/25/2010	Superior Livestock Auction	\$ 153,241.09
123230	10/25/2010	Alabama Livestock Auction	\$ 106,052.94

APPENDIX B

Eastern Livestock Co., LLC Checks Not Honored			
Check Number	Date	Payee	Amount
123263	10/25/2010	Superior Livestock Auction	\$ 147,869.44
123300	10/26/2010	Fousek Farm	\$ 5,384.84
123319	10/26/2010	Mid-South Livestock Center	\$ 32,396.85
123325	10/26/2010	Charles Graham	\$ 111,358.49
123331	10/26/2010	Athens Stockyard	\$ 189,621.35
123334	10/26/2010	Athens Stockyard	\$ 48,594.57
123351	10/26/2010	Okeechobee Livestock Mkt.	\$ 13,671.72
123351	10/26/2010	Okeechobee Livestock Mkt.	\$ 13,671.72
123371	10/26/2010	Superior Livestock Auction	\$ 113,689.82
123373	10/26/2010	Superior Livestock Auction	\$ 108,785.44
123375	10/26/2010	Superior Livestock Auction	\$ 118,122.59
123377	10/26/2010	Superior Livestock Auction	\$ 147,043.87
123379	10/26/2010	Superior Livestock Auction	\$ 143,594.90
123381	10/26/2010	Superior Livestock Auction	\$ 138,682.84
123383	10/26/2010	Superior Livestock Auction	\$ 108,812.08
123385	10/26/2010	Superior Livestock Auction	\$ 140,734.55
123387	10/26/2010	Superior Livestock Auction	\$ 151,922.60
123389	10/26/2010	Superior Livestock Auction	\$ 156,945.84
123395	10/26/2010	Mid-South Livestock Center	\$ 156,292.63
123405	10/26/2010	Scotts Hill Stockyard	\$ 23,288.98
123421	10/26/2010	Northwest Alabama Livestock	\$ 100,301.47
124580	10/27/2010	Superior Livestock Auction	\$ 118,593.88
124581	10/27/2010	Superior Livestock Auction	\$ 160,030.78
124583	10/27/2010	Superior Livestock Auction	\$ 113,147.97
124584	10/27/2010	Superior Livestock Auction	\$ 151,021.59
124589	10/27/2010	Ozark Regional Stockyard, Inc.	\$ 235,581.99
124600	10/27/2010	Athens Stockyard	\$ 26,503.30
124604	10/27/2010	Cattlemen's Livestock Auction	\$ 30,285.46
124613	10/27/2010	Natural Bridge Stockyard	\$ 12,634.17
124633	10/27/2010	Superior Livestock Auction	\$ 141,110.24
124634	10/27/2010	Superior Livestock Auction	\$ 114,025.63
124636	10/27/2010	Superior Livestock Auction	\$ 142,339.20
124637	10/27/2010	Superior Livestock Auction	\$ 146,802.47
124638	10/27/2010	Superior Livestock Auction	\$ 128,786.30
124640	10/27/2010	Superior Livestock Auction	\$ 123,397.38
124641	10/27/2010	Superior Livestock Auction	\$ 166,928.09
124642	10/27/2010	Superior Livestock Auction	\$ 170,360.58
124644	10/27/2010	Superior Livestock Auction	\$ 231,853.65
124645	10/27/2010	Athens Stockyard	\$ 46,221.25
124648	10/27/2010	Charles Graham	\$ 110,988.60
124660	10/27/2010	Bluegrass - Marysville	\$ 9,070.40

APPENDIX B

Eastern Livestock Co., LLC Checks Not Honored			
Check Number	Date	Payee	Amount
124717	10/28/2010	Superior Livestock Auction	\$ 103,431.19
124719	10/28/2010	Ozark Regional Stockyard, Inc.	\$ 11,503.15
124730	10/28/2010	Charles Graham	\$ 108,783.00
124733	10/28/2010	Northwest Alabama Livestock	\$ 136,675.59
124739	10/28/2010	Superior Livestock Auction	\$ 115,339.22
124741	10/28/2010	Superior Livestock Auction	\$ 116,504.05
124744	10/28/2010	Ozark Regional Stockyard, Inc.	\$ 7,815.21
124758	10/28/2010	Sand Mountain Stockyard	\$ 35,080.78
124772	10/28/2010	Superior Livestock Auction	\$ 66,893.48
124774	10/28/2010	Superior Livestock Auction	\$ 137,942.95
124776	10/28/2010	Superior Livestock Auction	\$ 144,276.51
124778	10/28/2010	Superior Livestock Auction	\$ 163,487.92
124780	10/28/2010	Superior Livestock Auction	\$ 152,660.71
124782	10/28/2010	Superior Livestock Auction	\$ 145,922.28
124784	10/28/2010	Superior Livestock Auction	\$ 245,071.26
124786	10/28/2010	Superior Livestock Auction	\$ 204,742.68
124788	10/28/2010	Superior Livestock Auction	\$ 108,235.56
124883	10/29/2010	Superior Livestock Auction	\$ 159,007.67
124885	10/29/2010	Superior Livestock Auction	\$ 96,084.65
124887	10/29/2010	Superior Livestock Auction	\$ 99,237.00
124889	10/29/2010	Superior Livestock Auction	\$ 108,027.27
124891	Unclear	Superior Livestock Auction	\$ 100,089.53
124893	Unclear	Superior Livestock Auction	\$ 107,339.44
124895	Unclear	Superior Livestock Auction	\$ 95,736.19
124897	Unclear	Superior Livestock Auction	\$ 150,323.53
124899	Unclear	Superior Livestock Auction	\$ 204,310.02
124901	Unclear	Superior Livestock Auction	\$ 100,876.87
124903	Unclear	Superior Livestock Auction	\$ 103,893.98
124905	Unclear	Superior Livestock Auction	\$ 131,607.34
124907	Unclear	Superior Livestock Auction	\$ 140,447.61
124913	Unclear	Superior Livestock Auction	\$ 154,990.76
124914	Unclear	Superior Livestock Auction	\$ 145,706.50
124915	Unclear	Superior Livestock Auction	\$ 137,461.57
124916	Unclear	Superior Livestock Auction	\$ 148,869.39
124917	Unclear	Superior Livestock Auction	\$ 98,300.22
124918	Unclear	Superior Livestock Auction	\$ 150,354.69
124980	Unclear	Alabama Livestock Auction	\$ 49,597.28
125003	11/1/2010	Jessie Simpson	\$ 2,428.20
125022	11/1/2010	Brack Briscoe	\$ 9,894.15
Total Dishonored Checks for which P&SP has a Copy			\$ 11,636,008.79