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6  
7 Bankruptcy Counsel for eStyle, Inc.,  
Debtor and Debtor in Possession

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9 **UNITED STATES BANKRUPTCY COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

11 In re  
12 ESTYLE, INC.. a Delaware corporation,  
dba babystyle, Cadeau and Cadeau  
13 Designs,  
14 Debtor.

Case No. 2:08-bk-13518-SB

Chapter 11

**DECLARATION OF RICHARD ALSTON IN  
SUPPORT OF DEBTOR'S EMERGENCY  
MOTION PURSUANT TO SECTION 363(c)  
OF THE BANKRUPTCY CODE AND RULE  
4001(b) OF THE FEDERAL RULES OF  
BANKRUPTCY PROCEDURE FOR  
INTERIM AND FINAL ORDERS  
AUTHORIZING USE OF CASH  
COLLATERAL**

DATE: March 21, 2008  
TIME: 10:00 a.m.  
PLACE: Courtroom 1575

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18  
19 TAX ID#: 95-4712564  
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22 **DECLARATION OF RICHARD ALSTON**

23 I, RICHARD ALSTON, declare as follows:

24 1. I am an individual over the age of eighteen years and a citizen of the United  
25 States of America. I make this declaration in support of the Emergency Motion (the  
26 "Motion") by eStyle, Inc., a Delaware corporation, dba babystyle, Cadeau, and Cadeau  
27 Designs, the debtor and debtor in possession herein (the "Debtor") for Authority to Use  
28

1 Cash Collateral. I have personal knowledge of the facts set forth herein, which are  
2 known by me to be true and correct, and if called as a witness, I could and would  
3 competently testify thereto.

4 2. I am currently a managing consultant of Kibel Green, Inc. ("KGI"), a  
5 management and financial consulting firm, with offices located in Santa Monica, Irvine,  
6 and San Francisco, California. I have been employed with KGI since July 2007. A true  
7 and correct copy of my current resume is attached hereto as Exhibit 1, and incorporated  
8 herein by this reference.

9 3. I received my Masters degree in Finance from Northwestern University  
10 Kellogg Graduate School of Management in 1981.

11 4. Prior to joining KGI, I was a commercial lending officer at Continental Illinois  
12 national Bank handling primarily relationships with financially distressed borrowers,  
13 mostly in bankruptcy proceedings. I have also been the Chief Financial Officer of public  
14 and private companies. While at Alco Enterprises in 1984 - 1986, I provided advisory  
15 services and managed the operation of financially troubled companies including Ayers  
16 Chairmakers in Los Angeles. At that time, I also was involved in overseeing the sale of  
17 client assets, including the retail stores for Gimbel's in New York, TG&Y in Oklahoma  
18 City, Zody's in Los Angeles and Jefferson's in Miami. Additionally, I have purchased or  
19 sold more than 15 businesses in private transactions and have conducted two initial  
20 public offerings ("IPOs"). From 1998 – 2000, I managed the operations of The Cerplex  
21 Group, a troubled computer repair business located in Irvine, California that had filed for  
22 protection under Chapter 11 of the Bankruptcy Code. The assets of this business were  
23 sold under the supervision of the Bankruptcy Court.

24 5. All told, I have approximately 30 years in experience providing financial  
25 advice and oversight to troubled companies.

26 6. In the course of my engagement for the Debtor in this case, I evaluated the  
27 orderly liquidation value of the collateral pledged to Wachovia Capital Finance  
28 Corporation ("Wachovia"), including its inventory, accounts receivable and furniture,

1 fixtures and equipment. Given that Wachovia's primary collateral is the Debtor's  
2 inventory, I focused my efforts at producing a reliable going concern liquidation value for  
3 said collateral. A true and correct copy of my liquidation analysis (the "Liquidation  
4 Analysis") of the inventory is attached to the Debtor's Motion as Exhibit 2, and  
5 incorporated herein by this reference.

6           7.     In providing this analysis, I first ascertained the amount of inventory on  
7 hand as of the Petition Date. The figures I used in my analysis were provided to me by  
8 the Debtor's chief financial officer, Yvonne Besvold, and were taken from the Debtor's  
9 accounting system, and are as reflected in the Debtor's balance sheet. Based on these  
10 figures, I determined that as of the Petition Date, the Debtor has approximately  
11 \$7,137,000 in inventory at the Debtor's landed cost. The amount of inventory in each of  
12 the Debtor's different product categories is described in the Liquidation Analysis. The  
13 landed cost figure was then multiplied by the appropriate retail mark-up rates, based on  
14 the Debtor's past practice, to reach the retail value of the inventory, which as of the  
15 Petition Date was approximately \$17,668,000.

16           8.     I then undertook to translate the retail value into an orderly liquidation value.  
17 In evaluating the values associated with the inventory, various elements were considered  
18 including the quantity of the inventory in total, the locations of the inventory, the quality of  
19 the inventory, the age of the inventory, the frequency and magnitude of recent  
20 markdowns and promotions on the merchandise, the mall locations in which the stores  
21 are located, the typical recovery percentages obtained in liquidation sales of similar  
22 products, the economy and other relevant factors. Differing rates of recovery were  
23 assigned based on the progressive markdown strategy that would be applied to each  
24 product during the course of the sale. I arrived at my estimations of recovery values  
25 based on these factors, combined with my experience in retail/clothing liquidations, and  
26 my discussions with other professionals experienced in this type of liquidation nationwide.  
27 Further, an orderly sale with adequate advertising was assumed. Once recovery

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1 percentages were derived, each percentage was applied to the relevant inventory  
2 category value at retail to obtain the orderly liquidation value.

3 9. As set forth in my analysis, the weighted average recovery value of the  
4 Debtor's inventory is approximately 37% of the retail value of the inventory. Based upon  
5 my analysis, and based on the presumptions described herein, I concluded that the  
6 orderly liquidation value of the Debtor's current inventory is \$6,164,203.

7 10. Additionally, based on my discussions with the Debtor's officers, and after  
8 considering the amount, age, and general categories of the Debtor's furniture, fixtures,  
9 and equipment located both in its home offices, and at its various stores, I estimate the  
10 liquidation values of those items to be approximately \$300,000.

11 11. Finally, it is my understanding based on my discussions with the Debtor's  
12 officers that the Debtor's only "accounts receivable" are the amounts due from its credit  
13 card processors. Since credit card receipts are typically paid without collectability issues,  
14 I estimate the value of said receivables to be approximately \$380,000 as of the Petition  
15 Date, as that is the figure reflected in the Debtor's balance sheet.

16 12. I declare under penalty of perjury under the laws of the United States of  
17 America that the foregoing is true and correct.

18 Executed March 19, 2008, at Los Angeles, California.

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RICHARD ALSTON

# EXHIBIT 1

## **Richard Alston**

3555 San Pasqual Street, Pasadena, CA 91107 • (949) 315 5369 • email [alstonr100@gmail.com](mailto:alstonr100@gmail.com)

### *Experience*

**Kibel Green Inc.,** Santa Monica, CA July 2007 – Present

#### **Managing Consultant**

Provide financial and operations advisory services to companies experiencing financial difficulties and seeking operations and profitability improvements. Assist manufacturing companies in developing planning tools and financial forecasts. Identify and implement cost savings opportunities and access capital markets for financing acquisitions, capital investment and balance sheet restructuring.

**Western United Financial Corporation,** Pasadena, CA 2006 – 2007

#### **Founder, Director and CFO**

Co-founded this start-up banking enterprise to acquire and integrate community banks in the five counties comprising the Los Angeles market. Formed as a Special Purpose Acquisition Company (“SPAC”). This company was designed to be taken public through an IPO, subsequently using funds from the offering and common shares to acquire target banks. Completed all SEC, NASD, and AMEX regulatory filings. Due to changing market conditions, the underwriters achieved only 80% share orders needed for listing on AMEX.

**WebMD Business Services** Nashville, TN 2004 - 2006

#### **Senior VP, CFO**

Managed finance and administration of this \$800 million revenue subsidiary of a public company providing transaction processing and business outsourcing services to the health care industry. Successfully completed a systems conversion to HIPAA regulatory requirements. Successfully completed Sarbanes Oxley 404 certification process. Redesigned and expanded annual budget forecasting process. Established standardized monthly financial reporting formats for six business units and integrated three newly acquired companies. Reduced monthly financial reporting cycle times while implementing a new financial planning & analysis function.

**Tibbett & Britten Group – Americas,** Warren, NJ 2000 – 2004

#### **Senior VP, CFO**

Managed all activities related to finance, accounting, forecasting, treasury, systems, legal and commercial contracts for this \$1 billion subsidiary of a UK logistics provider. Oversaw preparation of financial statements for 35 wholly owned subsidiary operations located in the US, Canada, Mexico and Argentina. Introduced new budget and forecasting methods. Developed new cash forecasting tools and designed client profitability assessment model. Evaluated and negotiated strategic acquisitions. Developed in-house legal function to manage repetitive transactions.

**The Cerplex Group Inc.,** Irvine, CA 1998 – 2000

**President and Chief Operating Officer** June 1999 – Oct 2000

**Chief Financial Officer** Dec 1998 – June 1999

Recruited by a private equity sponsor to turn around this troubled provider of computer repair services with annual revenues and losses of \$400 million and \$30 million, respectively. Oversaw the implementation of \$40 million of cost reductions, resulting in positive cash flow. Closed unprofitable depot repair sites and sold profitable operations. Substantially reduced corporate administration costs. Managed the preparation of worldwide consolidated budgets and financial statements and oversaw SEC compliance, bank relationships and investor relations.

**Compass International Services, New York, NY**

1997 – 1999

**Executive VP, CFO**

Co-founded this provider of collection and direct mail services. Conducted a roll-up of five founding business units and arranged an IPO in March 1998. Following the IPO, managed the process of acquiring nine additional companies. Developed a standardized accounting system, arranged unsecured working capital credit facilities, designed budgeting and cash management systems and managed information technology. Managed investor relations. Compass had annual revenues in excess of \$175 million and became one of the largest companies in its sector before it was sold to its largest competitor.

**National Processing, Inc., Louisville, KY**

1994 – 1997

**Executive VP Finance & Corporate Development**

Managed accounting, finance, investor relations, information systems, facilities, and acquisitions for this credit card transaction processing company with revenues of \$320 million. Conducted an over-subscribed IPO to provide financing mechanism for acquisitions. Converted mainframe systems to redundant client server technology in core business units. Designed and implemented state tax strategies. Acquired three freight payment-processing businesses.

**Alston Associates, Cleveland, OH**

1991 - 1994

**Principal**

Provided strategic and financial consulting services to Fortune 500 clients. Consulting services focused on reengineering processes, integrating financial systems, and eliminating redundant costs to improve profitability of client operations.

**Sealy Manufacturing, Cleveland, OH**

1986 – 1991

**Senior Vice President**

Managed strategic planning, international licensing, contract bedding, and upholstered furniture operations. Arranged a leverage buyout of the business which had revenues of approximately \$700 million. Arranged senior bank and subordinated debt financing. Designed and implemented new manufacturing, cost and accounting systems.

**Alco Enterprises, Los Angeles, CA**

1984 – 1986

**Vice President**

Responsible for acquisition and management of troubled companies. Managed the operations of a troubled furniture manufacturer with annual revenues and losses of \$50 million and \$1.5 million, respectively. Reduced costs and modified pricing on unprofitable products and relationships to achieve a \$3 million annual pre-tax profit. Oversaw the liquidation of assets for large retail merchants.

**Continental Illinois National Bank, Chicago & Los Angeles**

1977 – 1984

**Vice President**

Commercial lending officer in Chicago Metropolitan Division, handling relationships mostly with troubled manufacturing companies (1978- 1982). Sent to Oklahoma City to oversee the establishment of recovery procedures in the wake of Penn Square Bank collapse. Vice President of Los Angeles Oil & Gas division (1983 – 1984). Served as agent for a nine-bank legal lending limit credit facility with a bankrupt oil services company.

*Education*

1981	<b>Northwestern University Kellogg Graduate School</b> Finance & Marketing	Masters
1977	<b>Claremont McKenna College</b> Economics & Political Science	Bachelors

*Directorships*

1989 – 1998      **Opcode Systems, Inc**  
Served as a director of this privately held software developer until its sale to Gibson Guitar Company in 1998.