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6
7 Bankruptcy Counsel for eStyle, Inc.,
Debtor and Debtor in Possession
8

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 REPLY TO
WACHOVIA CAPITAL FINANCE
CORPORATION'S OBJECTIONS TO
DEBTOR'S MOTION FOR ORDERS
AUTHORIZING USE OF CASH
COLLATERAL**

DATE: April 17, 2008
TIME: 2:00 p.m.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

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19 Tax Id # 95-4712564
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22 I, Richard Alston, declare:

- 23 1. I have personal knowledge of the facts stated herein. I can testify
24 that said facts are true and correct.
- 25 2. I am an individual over the age of eighteen years and a citizen of the
26 United States of America.
- 27 3. I am a managing consultant of Kibel Green, Inc. ("KGI"), a
28 management and financial consulting firm, with offices located in Santa Monica, Irvine,

1 and San Francisco, California. I have been employed with KGI since July 2007. KGI
2 has been retained by eStyle, Inc. (the "Debtor"), as its financial advisor.

3 4. This Declaration is submitted in support of the Debtor's reply (the
4 "Reply") to the objection (the "Objection") of Wachovia Capital Finance Corporation
5 ("Wachovia"), received on the afternoon of April 14, 2008, to the Debtor's motion (the
6 "Motion") for orders authorizing use of cash collateral. This Declaration supplements my
7 prior declaration filed in the Debtor's chapter 11 case on March 19, 2008, in support of
8 the Debtor's motion for authority to use cash collateral.

9 5. As reflected in the Debtor's updated Budget attached as Exhibit 1 to
10 the Reply, at no time during the Budget period covered by the pending Motion (covering
11 through June 21, 2008) is the value of Wachovia's inventory collateral projected to be
12 less than \$4,529,604 on an orderly liquidation basis. Further, the updated Budget
13 attached to the Reply as Exhibit 1 provides for a paydown of Wachovia in the sum of
14 \$583,856 during the period through June 21, 2008. This is in addition to the \$303,000
15 sum that the Debtor believes that Wachovia took from the Debtor's concentration bank
16 account after the commencement of the Debtor's chapter 11 case.

17 6. In its discussion in the Objection contending that the Debtor has not
18 estimated liquidation expenses, Wachovia apparently assumes that a traditional going
19 out of business sale approach would be pursued to liquidate inventory when, in fact, that
20 would not be the plan. The Debtor has already commenced closing of certain of stores
21 without the use of an outside agent and intends to close additional stores without the use
22 of an outside agent. These more "normal course of business" store closings do not bear
23 the same cost structure as the traditional going out of business sale approach cited by
24 Wachovia and tend to have a higher liquidation value realization than going out of
25 business sales.

26 7. While there is a decline in inventory, Wachovia remains protected by
27 a very substantial collateral equity cushion during the next 10 weeks (until June 21, 2008)
28 covered by the Budget. As set forth in my prior declaration filed in this case, I have

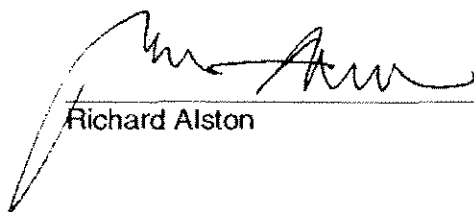
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1 evaluated the orderly liquidation value ("OLV") of the collateral pledged to Wachovia,
2 including inventory, accounts receivable, furniture, fixtures and equipment. Given that
3 Wachovia's primary tangible collateral is the Debtor's inventory, I focused my efforts at
4 producing a reliable going concern liquidation value for said collateral. A true and correct
5 copy of my liquidation analysis (the "Liquidation Analysis") of the inventory is attached as
6 Exhibit 2 to the Motion. As set forth in the Liquidation Analysis, I determined that the
7 weighted average recovery value of the Debtor's inventory to be approximately 37% of
8 the retail value of the inventory. With respect to the Debtor's store closing sales
9 conducted between March 23 and April 12, 2008 (the first 3 weeks of projected 5 week
10 store closing sales), the average recovery rate on inventory sold is currently
11 approximately 56.7% of full retail price.

12 I declare under penalty of perjury that the foregoing is true and correct.

13 EXECUTED THIS 15th DAY OF APRIL, 2008, AT LOS ANGELES,

14 CALIFORNIA.

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18 Richard Alston
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

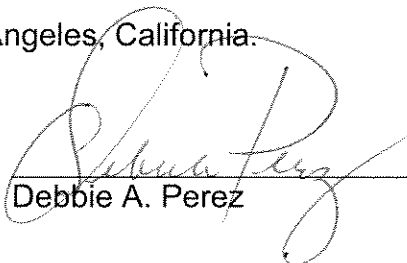
On April 16, 2008, I served the following document(s) described as **DECLARATION OF RICHARD ALSTON IN SUPPORT OF DEBTOR'S REPLY TO WACHOVIA CAPITAL FINANCE CORPORATION'S OBJECTIONS TO DEBTOR'S MOTION FOR ORDERS AUTHORIZING USE OF CASH COLLATERAL** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused the document(s) to be sent from the e-mail address dperez@sulmeyerlaw.com to the persons at the e-mail addresses listed in the Service List, I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on April 16, 2008, at Los Angeles, California.



Debbie A. Perez

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SERVICE LIST

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OFFICE OF THE UNITED STATES TRUSTEE

Office of the United States Trustee
Attn: Bruce Schildkraut, Esq.
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26th Floor
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Bruce.Schildkraut@usdoj.gov

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wkiekhofer@mayerbrown.com

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