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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

**SUPPLEMENTAL DECLARATION OF  
RICHARD ALSTON IN SUPPORT OF  
DEBTOR'S REPLY TO WACHOVIA  
CAPITAL FINANCE CORPORATION'S  
SUPPLEMENTAL 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  
28

1                   3.       I am a managing consultant of Kibel Green, Inc. ("KGI"), a  
2 management and financial consulting firm, with offices located in Santa Monica, Irvine,  
3 and San Francisco, California. I have been employed with KGI since July 2007. KGI  
4 has been retained by eStyle, Inc. (the "Debtor"), as its financial advisor.

5                   4.       This Declaration is submitted in reply to the supplemental objection  
6 (the "Supplemental Objection") of Wachovia Capital Finance Corporation (Western)  
7 ("Wachovia") to the Debtor's continued use of cash collateral received by the Debtor after  
8 5:30 p.m. on April 16, 2008. I have reviewed the Supplemental Objection. This  
9 Declaration supplements my prior declarations filed on March 19, 2008, and April 16,  
10 2008, in connection with the Debtor's pending cash collateral motion.

11                  5.       The contentions of Wachovia in the Supplemental Objection  
12 regarding "continuing losses and diminution of Wachovia's collateral" are certainly not the  
13 basis for a "prompt, orderly liquidation" of the Debtor's business as alleged by Wachovia.  
14 They are not even the relevant issues to determine whether the Debtor should be allowed  
15 to continue to use cash collateral. The Reply submitted by Debtor on April 16, 2008  
16 includes an implied offer embedded in the updated cash collateral budget attached as  
17 Exhibit 1 thereto to pay down Wachovia an amount of principal sufficient to result in an  
18 outstanding loan balance at the end of the remaining 10 weeks of the Budget period  
19 (through June 21) of approximately \$1.5 million. It is the sufficiency of collateral to  
20 support the existing loan balance of approximately \$2,069,000 or this forward looking  
21 \$1.5 million loan balance with the existing or forward looking collateral, as the case may  
22 be, that is relevant. On June 21, 2008, based on the forecast of inventory at that time,  
23 not only is Wachovia still over-secured but the collateral equity in excess of the amount  
24 owed to Wachovia remains enormous and alone is sufficient to provide Wachovia with  
25 adequate protection.

26                  6.       Wachovia's adequate protection can be assessed from two different  
27 perspectives. First, the orderly liquidation value of the inventory at June 21, 2008, is  
28 expected to be approximately \$4.5 million, an amount which is three times the forecasted

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1 loan balance and which leaves an collateral equity cushion equal to approximately \$3  
2 million, or two times the remaining loan due at that time. This condition, which is  
3 supported factually by the Debtor's recent experience in liquidating stores, demonstrates  
4 that Wachovia is adequately protected even without the payments to Wachovia included  
5 in the updated Budget. Furthermore, if one applies to this same approach to Wachovia's  
6 requested loan reduction mechanism of a principal reduction of \$0.50 for each dollar of  
7 eligible inventory reduction, the Debtor would pay 50% of the estimated pending  
8 inventory as of June 21, 2008, which is in excess of \$5,000,000, or approximately \$2.5  
9 million, an amount far in excess of the \$1.5 million loan then expected to be outstanding.

10           7. Wachovia conveniently uses the Debtor's offer over the next ten  
11 weeks to repay a significant portion of the Wachovia loan balance against the Debtor by  
12 suggesting that somehow this fails to satisfy the test for adequate protection by virtue of a  
13 low cash balance at the end of the cash collateral budget period. It is a true statement  
14 that cash decreases substantially over this period of time as a result of the proposed  
15 payments to Wachovia and that Debtor would prefer not to have the cash balances  
16 reduced to the levels forecasted. It was only part of a good faith effort to respond to  
17 Wachovia's demands in an attempt to amicably settle the cash collateral usage issue that  
18 Debtor even offered to make such payments (they are not needed to sustain adequate  
19 protection).

20           I declare under penalty of perjury that the foregoing is true and correct.  
21           EXECUTED THIS 17<sup>th</sup> DAY OF APRIL, 2008, AT LOS ANGELES,  
22 CALIFORNIA.

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25             
26           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.

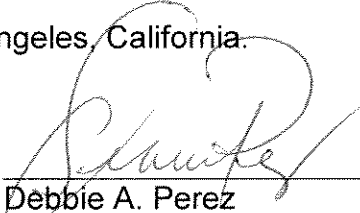
On April 16, 2008, I served the following document(s) described as **DECLARATION OF RICHARD ALSTON IN SUPPORT OF DEBTOR'S REPLY TO WACHOVIA CAPITAL FINANCE CORPORATION'S OBJECTIONS TO DEBTOR'S MOTION FOR ORDERS AUTHORIZING USE OF CASH COLLATERAL** on the interested parties in this action as follows:

**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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Bruce.Schildkraut@usdoj.gov

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