

An Indiana company under federal investigation for passing bad checks for cattle purchases could find itself forced into bankruptcy proceedings if a judge grants a motion filed by some of those owed money. The action against Eastern Livestock Co. LLC came Monday in U.S. Bankruptcy Court in the Southern District of Indiana. Two companies - Southeast Livestock Exchange LLC of Waynesville, N.C., and Moseley Cattle Auction LLC of Blakely, Ga. - and David L. Rings of Russell Springs, Ky., filed an involuntary bankruptcy motion, claiming they sold Eastern cattle worth \$1.45 million and weren't paid. The petition for involuntary bankruptcy is a mechanism to make sure all creditors receive equal treatment and none is favored, said John Ames, the Louisville, Ky., attorney representing the three. Eastern has 20 days to object to the motion, and a judge will decide whether to begin bankruptcy proceedings, Ames said. A man who answered a phone number listed on Eastern's website said the company had no comment. Federal agriculture officials filed a complaint last month against Eastern, accusing the company of failing to pay for livestock purchases or maintain an adequate bond. Eastern's recent trouble began Nov. 3, when a livestock seller complained to the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration that a check received for livestock sold to Eastern had been returned because of insufficient funds. Federal regulators say Eastern, one of the largest cattle brokerages in the country with operations in 11 states across the Mid-South, Midwest and West, owes as much as \$130 million to more than 700 ranchers and farmers in 30 states. The USDA has said unpaid sellers may contact it for information on filing bond claims. No hearing on the matter has been set yet. According to the USDA complaint, Eastern was told in June to raise its bond to \$1.15 million from \$875,000 before continuing operations. The company didn't but continued to buy and sell cattle, the complaint said. Eastern mainly bought calves throughout the South and sold them to feed lots in big cattle states, including Texas and Oklahoma, where they were fattened for slaughter. The bad checks have created financial hardship for many ranchers and

could push some toward bankruptcy, said David Scott, president of the Texas and Southwestern Cattle Raisers Association. In early November, attorneys representing Friona Industries L.P., a feedlot in Amarillo, Texas, filed a federal lawsuit to ensure that Friona and others who bought cattle from Eastern don't have to pay twice - to the producers and to a bank with which Eastern had a loan. SUBHEAD: Some parties owed money by the firm want an involuntary bankruptcy. Original Print Headline: Cattle buyer could face bankruptcy

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