



Bob Brawdy/Tri-City Herald

Easterday Ranches North Lot cattle feedlot at 8230 Blanton Road near Eltopia in rural Franklin County, Washington.

Attorneys charging \$1 million a month to get Easterday farms, ranches out of bankruptcy

By KRISTIN M. KRAEMER
TRI-CITY HERALD

KENNEWICK — Lawyers working to get Easterday farming and ranching operations through bankruptcy reorganization have racked up nearly \$4.7 million in fees and expenses in four months.

And the bills keep coming.

Easterday Ranches filed for bankruptcy protection Feb. 1, followed by Easterday Farms one week later.

The two Chapter 11 cases in U.S. Bankruptcy Court are being jointly administered “for procedural purposes only,” with court staff maintaining one file.

Documents recently filed in the main case detail how much the three law firms hired by the Easterdays are seeking in compensation and reimbursement for Feb. 1 through May 31. They are the most recent fee applications on file.

The total for four months is \$4.67 million.

That does not include the \$1.4 million requested by attorneys who are tasked with making sure the unsecured creditors for both companies are represented.

Chief Judge William L. Holt established a court-approved budget early in the case that allows for the “professionals,” or lawyers, to be paid 80% of their fees and 100% of their costs.

Those bills are being paid by the “debtors” and “debtors-in-possession” — Easterday Ranches, Easterday Farms, and members of the Mesa-based family: Cody Easterday, his wife Debby, and his mother Karen L. Easterday.

Karen Easterday is the widow of Gale Easterday, the 79-year-old long-time family patriarch who died in a wrong-way crash last December on a Pasco highway.

In the two bankruptcy filings, the cattle ranch listed debts of just under \$237 million to its top 20 creditors, while the farming side showed debts of nearly \$18 million to its top 20 creditors.

Legal fees, expenses

Pachulski Stang Ziehl & Jones of Los Angeles submitted a request for about \$3.86 million.

Aside from \$84,000 in expenses, the rest of that is for attorney fees. More than \$2 million was spent in the first two months after the bankruptcy filings, with another \$1 million in May.

The firm said it's still owed almost \$2.9 million.

Bush Kornfeld of Seattle submitted a bill for about \$243,000.

Almost half of the money requested by the law firm was accrued in the first two months.

Davis Wright Tremaine, another Seattle firm, is asking for almost \$575,000.

The money was pretty evenly spread out over the

four months, with about one-third of it going toward expenses.

It is serving as special counsel to the Easterday family and their two companies, but also is working on Gale Easterday's probate matters and “issues arising under the Coronavirus Food Assistance Program,” documents show.

Attorneys with Buchalter firm in Seattle applied for nearly \$844,000 in the same period, noting that it already has been paid just over a half-million dollars. The firm represents the Official Committee of Unsecured Creditors of Easterday Farms.

The Cooley firm, which represents the Official Committee of Unsecured Creditors of Easterday Ranches, billed about \$562,000. That covers just 1½ months since the firm became substitute counsel for the committee in mid-April.

Tyson fraud

Before filing for bankruptcy, Cody, Debby and Karen all resigned their officer positions with the family businesses. They transferred control to a group of “independent directors” who adopted changes before the first bankruptcy filing.

Since then, Cody Easterday — who served as president and chief executive officer — has admitted bilking Tyson Foods and an unnamed company out of more than \$225 million total.

Federal prosecutors say he concocted the scheme, dubbed a “ghost-cattle scam,” to charge the two companies for the costs of buying and feeding 200,000 cattle that did not actually exist.

That money was used to offset about \$200 million that Cody Easterday lost in commodity futures contracts trading.

Despite the fraud, Easterday and Tyson are still working together.

The meat processor advances money to the cattle operation every two weeks, with the amount ranging from nearly \$2,200 in late March down to \$240 at the end of June, court documents show.

That money is part of the cash collateral that the Easterday companies are allowed to use during Chapter 11 proceedings in order to preserve and maintain their assets, therefore “maximizing the value of the debtor's estate,” documents said.

Restitution funds

Cody Easterday, 50, could spend up to 20 years in federal prison for his guilty plea.

He had been set for sentencing in early August but his criminal attorney, Carl J. Oreskovich of Spokane, recently asked for a delay because of the ongoing bankruptcy proceedings.

He pointed out how Easterday agreed to pay just over \$244 million in restitution, and said the bankruptcy cases “are anticipated to generate hundreds of millions of dollars for restitution in this matter.”

“It will be beneficial for all parties to have identified the amount of money that has been paid out for restitution through the bankruptcy prior to the time of sentencing,” Oreskovich added.

“Substantial restitution funds” then should be available at sentencing, he said.

As part of the bankruptcy, the Easterday companies recently sold 18,000 acres of agricultural land in a private auction.

Farmland Reserve Inc., the parent company of AgriNorthwest in Kennewick, had the winning bid at \$209 million. The property is in the southeast corner of Benton County, along the Columbia River near Walulla Gap.

AgriNorthwest anticipates closing on the purchase in the next couple weeks.

BRIEFS

Watermelon festival offers more than a slice of fun

The Irrigon Watermelon Festival is gearing up to offer a slice of family fun at Irrigon Marina Park.

The event kicks off Saturday, July 31, from 6:30-9:30 a.m. with a hearty breakfast at the marina park, 430 N.E. Eighth St., Irrigon. Sponsored by Umatilla Harvest Foods, volunteers from Columbia View Church will cook up plates of eggs, ham, hash browns, sausage and biscuits and gravy. After getting their fill of food, festival goers are encouraged to take in the parade, which gets underway at 10 a.m. along Main Avenue.

Following the parade, the fun shifts into high gear at the marina park — with everything from vendor booths, live entertainment, classic cars, boat rides offered by the Morrow County Sheriff's Office and a variety of food. Of course, watermelon will be plentiful, thanks to Bellinger Farms. The Shades, a Tri-Cities band, will perform throughout the afternoon and a street dance featuring Desert Sounds runs from 9-11:30 p.m.

For more information, visit www.facebook.com/irrigonwatermelonfestival. For questions, call Dave Cooley at 541-561-6459 or Charlene Cooley at 541-571-8541.

Communities gear up for National Night Out

National Night Out is an initiative developed to encourage people to get out to meet their neighbors. In addition, its mission is to help promote police-community partnerships.

NNO helps create safer communities as residents become familiar with what's happening in their neighborhoods. In addition, it provides a relaxed atmosphere to interact with law enforcement personnel and other first responders.

National Night Out (www.natw.org) is officially Tuesday, Aug. 3, however, Stanfield is hosting a Family Fun Night Out Wednesday, July 28. Local National Night Out celebrations include:

HERMISTON

For more than two decades, the Hermiston Police Department has kicked off its National Night Out festivities in advance with a treasure hunt. The Hermiston resident who finds the golden medallion, which is about 3 inches in diameter and attached to a red, white and blue ribbon, will win a block party.

Police personnel and city officials will serve ice cream during the evening of Aug. 3 in the winner's neighborhood. Available personnel also hope to visit other gatherings throughout town.

Community members are encouraged to organize neighborhood events, cookouts or parties on National Night Out. Those planning a gathering are encouraged to provide time and location information to HPD Corporal Tim Miers at 541-667-5112 or tmiers@hermiston.or.us.



Tammy Malgesini/Hermiston Herald

A golden medallion is hidden as part of the National Night Out festivities in Hermiston. Follow the clues published in the East Oregonian and Hermiston Herald to find it and win a block party in your neighborhood.

The treasure hunt, Miers said, is a fun way to get people excited leading up to National Night Out. In his fourth year of heading up the treasure hunt, Miers likes to hide the medallion in a place that makes it fun for people to search.

To read treasure hunt rules and the first clue, grab a copy of the Tuesday, July 27, East Oregonian or view it online at www.eastoregonian.com. See By the Way in this edition of the Hermiston Herald for clue No. 2.

If you find the medallion, take it immediately to the Hermiston Police Department, 330 S. First St. If it's found after 5 p.m., leave a voicemail for Miers at 541-667-5112 or send an email via tmiers@hermiston.or.us.

ECHO

WHEN: Tuesday, Aug. 3
TIME: 5:30 p.m.

WHERE: George Park

WHAT: Free barbecue dinner, bingo, a bike rodeo, games, raffle drawings and announcement of the Neighbor of the Year Award (nominations must be turned in by Aug. 1 at Echo City Hall).

QUESTIONS: 541-376-8411

STANFIELD

WHEN: Wednesday, July 28*

TIME: 6-8 p.m.

WHERE: Bard Park

WHAT: Free barbecue and watermelon, games, inflatable fun, bike rodeo and raffles. Also, teens are invited to continue enjoying the activities from 8-9 p.m. after the event officially ends.

*Note: Because the Stanfield Police Department also provides services in Echo, they are combining their National Night Out festivities with the city's Summer Fun Program on a different night. The event is a combined effort of the police and fire departments, the library and parks and recreation as a way to build a sense of community.

QUESTIONS: 541-449-1254

UMATILLA

WHEN: Tuesday, Aug. 3

TIME: 6-9 p.m.

WHERE: Village Square Park

WHAT: Music, food, games, activities and giveaways.

QUESTIONS: 541-922-3226

—Hermiston Herald



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