

**UNITED STATES BANKRUPTCY COURT**

**SOUTHERN DISTRICT OF IOWA**

In Re:	)	Case No.: 18-00856
	)	
<b>KEAST ENTERPRISES, INC.</b>	)	Chapter 11
	)	
Debtor and Debtor in Possession.	)	Hon.
	)	
45565 Aspen Rd.	)	<b>DECLARATION OF RUSSELL A.</b>
Henderson, IA 51541	)	<b>KEAST IN SUPPORT OF FIRST DAY</b>
	)	<b>MOTIONS</b>
EIN: 42-1147078	)	
_____	)	No Hearing Set

I, Russell A. Keast, declare:

1. I am the President of Keast Enterprises, Inc. (“Keast”) and Hatswell Farms, Inc., (“Hatswell”), and the Managing Member of Cyclone Cattle, L.L.C. (“Cyclone”), (collectively, the “Debtors”).

2. I make this Declaration in support of the Debtors’ First Day Motions.

3. Keast Enterprises, Inc. was formed in 1980 when I graduated from Iowa State University with a bachelor’s degree in agriculture. At that time, I returned to the family farm to work with my father, Edward. The farming operation in the early 1980’s consisted of planting and harvesting corn and soybeans on fewer than 1,000 acres. Also included was a small farrowing operation and approximately 500 head of feeder cattle. As the years progressed, the total acres farmed approached 4,000 acres. The farming was done in two differently-owned entities: Keast Enterprises, Inc and Hatswell Farms, Inc. The companies shared Keast Enterprises’ equipment, and each farmed approximately half of the acres yearly.

4. We began selling farm equipment in 1985 and became a dealer representative for numerous companies. That division of the business was named Keast Sales. The use of internet-

based advertising has allowed us to reach a very wide customer base. Keast Sales has grown to a five-year average gross sales income of \$7,969,850. It has become the most profitable part of our business.

5. In the year 2000, a 24,000 head contract swine finishing operation was built on six sites around the farm. This successful operation was managed by two owned companies, Hatswell Farms, Inc. and Genagra, LTD.

6. Cyclone Cattle, L.L.C., a 4,000-head cattle feedlot, was purchased in the year 2007. This part of our operation was profitable until the 2015 cattle market crash. This caused losses for ourselves and our customers who we financed. Hedging helped limit the losses, but several customers have unpaid obligations totaling over \$2.5 million. The company also suffered two major thefts: one by a long-term buyer in Texas, and another by a caretaker in Oklahoma. That added another \$1.2 million to our losses. Collections are on-going and slow to resolve.

7. The trucks used in the farming operation were expanded into the companies known as Cyclone Carriers, LTD and Cyclone Logistics, LTD in 2014. Both companies had trouble reaching profitability. In addition, the companies suffered a \$750,000 loss with a broker's non-payment in 2016. The trucking operation was discontinued in 2017.

8. We have tried to remain proactive and meet adversity as it came. The first major decision was to sell the swine finishing operation in 2016. Next was the sale of a land partnership, followed by the sale of more farm land in 2017. A reduction of \$5,290,106 in liabilities was accomplished in 12 months.

9. Moving forward, we intend to downsize our operation further with the listing and sale of Cyclone Cattle, L.L.C. and its equipment. Discontinuing our farming operation and

renting the farm ground will allow the farm equipment to be sold. Our goal is to focus our management effort on the equipment sales business, Keast Sales. We intend to meet our obligations as we rebound into the future.

I declare under penalty of perjury, under the laws of the State of Iowa and the laws of the United States, that the foregoing is true and correct and is executed this 16th day of April, 2018 at Henderson, Iowa.

Dated: April 17, 2018

/s/ Russell A. Keast  
RUSSELL A. KEAST