

# **EXHIBIT 12**

AFFIDAVIT

Chaim Abrahams, under penalties of perjury, hereby declares as follows:

1. I was the Purchasing Manager of Agriprocessors during the period of its bankruptcy.
2. At the time, I worked with the court appointed Trustee for the Agriprocessors bankruptcy, Joe Sarachek and his team, Marc Ross and Paula Roby. I understand that, typically, in a bankruptcy an important function of the Trustee is to operate the company as efficiently as possible and solicit investors.
3. We talked about the benefit to the company of using Cottonballs, a company in which Sholom Rubashkin had a financial interest, which was in the business of raising chickens at its 12 plants near Postville. Agriprocessors had an agreement with Cottonballs to raise the chickens at a very reasonable price. This, together with the proximity of Cottonballs to Agriprocessors would result in huge cost savings.
4. However, to the best of my recollection, Mr. Sarachek explained to me that the Government discouraged Agriprocessors from doing business with Cottonballs.
5. As a result, Mr. Sarachek shifted the procurement of chickens to western Iowa and Minnesota, resulting in greater production and processing costs, and lower yields of chicken product, due to the longer haul and lower quality facilities.
6. To the best of my knowledge, if Agriprocessors have been able to use the Cottonballs to its maximum capacity, the company could have saved, between \$300,000 - \$350,000 over 6 months period.
7. To the best of my recollection Mr. Sarachek, Mr. Ross and Ms. Roby, had frequent interaction with the US attorney office. I also remember frequent phone calls and meetings with the US attorneys.
8. During my meetings with the trustees, I recall being asked to leave the room whenever they would receive a call from someone at the US attorney's office.
9. To the best of my recollection Marc Ross told me that when he would return from New York to Postville, he would often stop in Cedar Rapids to meet with the US attorneys before returning to the plant.
10. I also recall once that Mr. Sarachek told me that he did the same thing.

Pursuant to 28 U.S.C. § 1746, I hereby declare under penalty of perjury that the foregoing is true and correct.

  
\_\_\_\_\_  
Chaim Abrahams

9-30-13  
Date

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF IOWA  
EASTERN DIVISION

UNITED STATES OF AMERICA,

v.

SHOLOM RUBASHKIN,

Defendant

CASE NO. 08-cr-1324

AFFIDAVIT OF  
CHAIM ABRAHAMS

The undersigned, Chaim Abrahams, having been affirm under oath states as follows:

1. I am a resident of Postville, Iowa and have worked as a purchasing manager at Agriprocessors for over 10 years through its sale and re-naming as Agri Star. I presently have similar responsibility with the new entity.
2. As I testified in the criminal trial in South Dakota, I have considerable knowledge of the management structure of Agriprocessors and made various observations regarding the relationship between brothers and co-vice presidents Heshy Rubashkin and Sholom Rubashkin.
3. I recall that in March of 2008, a manngement meeting occurred between Heshy Rubashkin, Sholom Rubashkin and Aaron Rubashkin at Agriprocessors in Postville. I was in and out of the meeting and others may have attended as well. I understand that Sholom refers to this meeting as the "pre-passover" meeting.
4. During this meeting, the subject matter included the loss of the Trader Joe's account and the no-match letter employees.
5. I was aware that Sholom had a received a letter from Jay Eaton and I understood that Mr. Eaton was advising Sholom to act upon the no-match employees in some way. I did not

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read the letter. I recall that Sholom was pressing to let the no-match employees go, and that Sholom was trying to comply with his lawyer's advice. I remember other managers "throwing a fit about it", they did not want to fire any employees because they feared it might damage the production and sales side of the business, if the company does not maintain the second poultry shift fully staffed.

6. I generally understood that Sholom went ahead and with a first round of lay-off and that up to the raid on May 12, 2008, but he could not get other the approval from the rest of the management about dealing with no-match employees via a second round of lay-offs.
7. After Agriprocessors filed for bankruptcy, I maintained my employment while the Trustee operated Agriprocessors. Based upon my tenure and duties at Agriprocessors, I am highly familiar with Agriprocessors' live chicken operating and the production/processing of those chicken in the plant.

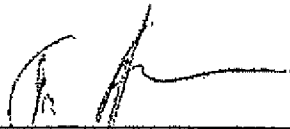
8. Until approximately late October of 2008 or early November of 2008, Agriprocessors had an arrangement with a company called Cottonballs in which Sholom had financial interest and partial ownership. Agriprocessors paid Cottonballs a reasonable fee to raise the chickens. Cottonballs operated 12 chicken houses nearby Postville so transportation cost of the chickens was low. Each house could raise approximately 50,000 chickens. The "cycle" for each house to delivery to the plant was seven weeks. During approximately November through January of 2009, Agriprocessors processed existing cycles of chickens that were in western Iowa and Minnesota.

9. After the Trustee took over Agriprocessors, he discontinued renting the chicken houses from Cottonballs. I understood that the reason was that the federal prosecutors did not want the Trustee to do business with the Rubashkins.

10 By not utilizing Cottonballs' facilities. Agriprocessors was put at more than minimal financial disadvantage. Using chicken houses that were in locations considerable distances away from Postville resulted in Agriprocessors incurring increased transportation costs, lower yields and high production costs in the plant occasioned by more down time and other factors.

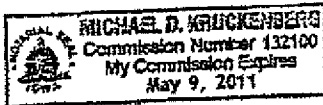
11. For the period of February of 2009 through August of 2009, I estimate approximately 1.8 millions birds could have been raised at the Cottonballs chicken houses. Had the Trustee been allowed to utilize Cottonballs, the savings in yield, operational costs and transportation costs I would estimate to be approximately \$300,000 to \$500,000.

Further this affiant sayeth not.



CHAIM ABRAHAMS

Subscribed, sworn to, and acknowledged before me by the said, CHAIM ABRAHAMS, on this the 26<sup>th</sup> day of April, 2010.



NOTARY PUBLIC  
Respectfully Submitted, 