

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
HOMELIFE CORPORATION., et al.,¹) Case No. 01-2412 (JWV)
)
Debtors.) (Jointly Administered)

Hearing Date: December 2, 2002 @ 3:00 p.m.
Response due by: November 19, 2002 @ 4:00 p.m.

DEBTORS' FIFTH OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)

The above-captioned debtors and debtors in possession (the "Debtors"), by and through their undersigned counsel of record, file their Fifth Omnibus Objection to Claims (Substantive) (the "Fifth Omnibus Objection"), and in support thereof, state the following:

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2)(A) and (O).
2. The statutory bases for relief requested herein are 11 U.S.C. §§ 105(a) and 502.

BACKGROUND

3. On July 16, 2001 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (as amended, the "Bankruptcy Code"). The Debtors' respective chapter 11 cases (the "Chapter 11 Cases") have been consolidated for procedural purposes only. The Debtors are continuing to operate their

¹ The Debtors consist of the following entities: HomeLife Corporation, HL Holding Corporation, HomeLife de Puerto Rico, Inc., Furniture Holding LLC, and HLC 1 LLC.

businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. There are five debtors in these cases: HL Holding Corporation (“HLHC”), HomeLife Corporation (“HomeLife Corp.”), HomeLife de Puerto Rico, Inc. (“HL Puerto Rico”), Furniture Holding, LLC, and HLC 1 LLC (collectively, “HomeLife” or the “Debtors”). HLHC is the parent corporation of HomeLife Corp. and HL Puerto Rico. Furniture Holding, LLC is the wholly-owned subsidiary of HomeLife Corp., and HLC 1 LLC is the wholly-owned subsidiary of Furniture Holding, LLC. HomeLife Corp. owns substantially all of the operating assets of the HomeLife entities.

5. No trustee or examiner has been appointed in these cases.

6. On July 27, 2001, the United States Trustee appointed an official committee of unsecured creditors.

7. On December 19, 2001, the Court entered an order fixing the bar date for filing proofs of claim (the “Bar Date Order”). Under the Bar Date Order, all entities other than governmental units were required to file pre-petition claims no later than January 28, 2002 (the “Bar Date”) and all governmental units were required to file pre-petition claims no later than January 14, 2002 (the “Governmental Bar Date”).

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THE OBJECTION AND REQUEST FOR RELIEF

8. By this Fifth Omnibus Objection, the Debtors seek disallowance of the claims set forth in the Exhibits attached hereto for the reasons described herein and in such Exhibits:

- (a) The Claims set forth in **Exhibit A** attached hereto as “No Liability-Employee” represent claims for which the Debtors have no liability according to their books and records (the “No Liability Claims”);
- (b) The Claims set forth in **Exhibit B** attached hereto as “Blank” are claims of creditors who signed the pre-printed Specific Proof of Claim provided to them, without indicating thereon the amount of the creditor’s claim (the “Blank Claims”);
- (c) The Claims set forth in **Exhibit C** attached hereto as “Insufficient Documentation” are claims for which required documentation in support of such claims, in addition to whatever was provided by the creditor, has not been filed (the “Insufficient Documentation Claims”); and
- (d) “The Claims set forth in **Exhibit D** attached hereto as “No Liability” are claims for which the Debtors have no liability according to their books and records (the “No Liability Claims”);

The No Liability-Employee Claims

9. The Debtors object to the No Liability-Employee Claims pursuant to section 502(b)(1) of the Bankruptcy Code because the No Liability Claims are not enforceable against the Debtors or their property under any agreement or applicable law. The No Liability Claims should be disallowed and expunged for all purposes.

The Blank Claims

10. The Blank Claims are claims filed by creditors who received a specific Proof of Claim from Bankruptcy Management Corporation, preprinted with the amount that the Debtors had scheduled to the creditor (the “Scheduled Amount”). The specific Proof of Claim required that the creditor complete the remainder of the claim form, including that portion wherein the creditor was to indicate the amount that it claimed against the Debtors (the “Additional Information”). Some creditors who received specific Proofs of Claim merely signed and

returned the specific Proof of Claim without providing the Additional Information (the “Blank Claims”). The Debtors believe that in most cases, the creditors who filed Blank Claims did so to indicate their agreement with the Scheduled Amount. Therefore, the Debtors request that the Blank Claims be treated as if they had been filed in an amount equal to the Scheduled Amount.

The Insufficient Documentation Claims

11. The Debtors object to the Insufficient Documentation Claims pursuant to section 502(b)(1) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3001(c) (“Rule 3001(c”). Creditors filing such claims have failed to file the requisite documentation in support of such claims and thus have failed to comply with Rule 3001(c), which requires in pertinent part that “When a claim, or an interest in property of the debtor securing the claim, is based on a writing, the original or a duplicate shall be filed with the proof of claim.” Therefore, the Insufficient Documentation Claims should be disallowed and expunged for all purposes.

The No Liability Claims

12. The Debtors object to the No Liability Claims pursuant to section 502(b)(1) of the Bankruptcy Code because the No Liability Claims are not enforceable against the Debtors or their property under any agreement or applicable law. The No Liability Claims should be disallowed and expunged for all purposes.

RESERVATION

13. The Debtors hereby reserve the right to object in the future to any of the claims listed in this Fifth Omnibus Objection or on the Exhibits attached hereto on any grounds, and to amend, modify and/or supplement this Fifth Omnibus Objection, including, without limitation, to object to amended claims and newly-filed claims. Separate notice and hearing will be scheduled for any such objection.

NOTICE

14. The Debtors will serve copies of this Fifth Omnibus Objection (with all exhibits) on: (i) counsel to the Official Committee of Unsecured Creditors, (ii) counsel to Congress Financial (Central), (iii) counsel to the Sears Entities, and (iv) the Office of the United States Trustee. The Debtors will serve copies of this Fifth Omnibus Objection (without exhibits) on all parties that have requested that they be served with all pleadings filed in these cases pursuant to Federal Rule of Bankruptcy Procedure 2002 (the “2002 List”). Any party that is on the 2002 List may obtain a copy of the Fifth Omnibus Objection with all Exhibits by requesting the same from Bankruptcy Management Corporation (“BMC”) at (888) 909-0100 or by going onto the BMC website at <http://www.bmccorp.net>.

15. The Debtors’ claims agent, BMC, has served a copy of the Fifth Omnibus Objection and customized notice summarizing claim-specific detail as is reflected in the Exhibit on which such creditor is listed upon those creditors that have filed claims that are affected by the Fifth Omnibus Objection in lieu of serving all Exhibits.²

16. The Debtors submit that notice of this Fifth Omnibus Objection is sufficient under Federal Rule of Bankruptcy Procedure 3007 and that no further notice is necessary.

NO PREVIOUS REQUEST

17. No previous request for the relief set forth herein has been made to this or any other court.

² Each claim holder whose rights are affected by the Fifth Omnibus Objection was served with a Notice of Objection to Claim in compliance with Local Rule 3007-1(e) (v).

COMPLIANCE WITH LOCAL RULE

18. The Debtors state that this Fifth Omnibus Objection to Claims (Substantive) complies with Local Rule 3007-1.

WHEREFORE, the Debtors respectfully request that the Court enter an order disallowing and expunging, reclassifying, or reducing, as appropriate, each of the Claims more fully described in this Fifth Omnibus Objection and/or shown on the Exhibits attached hereto.

Dated: October 29, 2002

Respectfully submitted,

KIRKLAND & ELLIS
James H.M. Sprayregen, P.C.
James A. Stempel, Esq.
Jonathan P. Friedland, Esq.
200 East Randolph Drive
Chicago, IL 60601
(312) 861-2000
(312) 861-2200 (fax)

and

PACHULSKI, STANG, ZIEHL, YOUNG & JONES P.C.

Laura Davis Jones (Bar No. 2436)
David W. Carickhoff, Jr. (Bar No. 3715)
919 North Market Street, 16th Floor
P.O. Box 8705
Wilmington, DE 19899-8705 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel for Debtors and Debtors in Possession