

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK (MANHATTAN)

PROOF OF CLAIM

In re: Jennifer Convertibles, Inc..

Case Number: 10-13779

NOTE: See Reverse for List of Debtors/Case Numbers/ important details. This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Check this box if you are the debtor or trustee in this case.

Name of Creditor and Address: the person or other entity to whom the debtor owes money or property

MERRICK BANK CORPORATION
C/O SATTERLEE STEPHENS BURKE & BURKE, LLP
T. BROCK, D. GURFEIN, A.SNOW, ESQS.
230 PARK AVENUE, SUITE 1130
NEW YORK, NY 10169

Creditor Telephone Number (212) 404-8781

Name and address where payment should be sent (if different from above):
BMC GROUP

Payment Telephone Number ()

RECEIVED
OCT 28 2010
BMC GROUP

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.

THIS SPACE IS FOR COURT USE ONLY

Check this box to indicate that this claim amends a previously filed claim.

Claim Number (if known):

Filed on:

FILED
U.S. BANKRUPTCY COURT
2010 OCT 25 P 4:56
S.D. OF N.Y.

1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ unliquidated
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.
If all or part of your claim is entitled to priority, complete item 5.
If all or part of your claim qualifies as an administrative expense under 11 U.S.C. § 503(b)(9), complete item 6.
 Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. BASIS FOR CLAIM: See attached addendum
(See Instructions #2 and #3a on reverse side.)

3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR:
3a. Debtor may have scheduled account as:
4. SECURED CLAIM (See instruction #4 on reverse side.)
Secured Claim Amount: \$ unliquidated DO NOT include the priority portion of your claim here.
Unsecured Claim Amount: \$ unliquidated
Nature of property or right of setoff:
Describe:
 Real Estate Motor Vehicle Other Cash Reserve plus other
Amount of arrearage and other charges as of time case filed included in secured claim, possession setoff and recoupment
Value of Property: \$ 3,975,595.25 + Annual Interest Rate: % If any: \$ Basis for Perfection:

5. PRIORITY CLAIM
 Amount of Claim Entitled to Priority under 11 U.S.C. §507(a).
If any portion of your claim falls in one of the following categories, check the box and state the amount.
Unsecured Priority Claim Amount: \$
You MUST specify the priority of the claim:
 Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
 Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
 Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).
 Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).
 Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
 Other - Specify applicable paragraph of 11 U.S.C. § 507(a) ().
* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

6. AMOUNT OF CLAIM THAT QUALIFIES AS AN ADMINISTRATIVE EXPENSE UNDER 11 U.S.C. § 503(b)(9): \$
See instruction #8 on reverse side

7. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.
8. SUPPORTING DOCUMENTS: Attach redacted copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See instruction 8 and definition of "redacted" on reverse side.) If the documents are not available, please explain.

DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 5:00 pm, prevailing Eastern Time on October 25, 2010 for Non-Governmental Claimants OR on or before 5:00 pm, prevailing Eastern Time on January 18, 2011 for Governmental Units.
BY MAIL TO:
BMC Group, Inc
Attn: Jennifer Convertibles Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020
BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc
Attn: Jennifer Convertibles Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

THIS SPACE FOR COURT USE ONLY

Jennifer Convertibles
00326

DATE: 10/25/10
SIGNATURE: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.
Brian W. Jones

Penalty for presenting fraudulent claim is a fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 AND 3571

Addendum to Proof of Claim Filed by Merrick Bank Corporation

Jennifer Convertibles Inc. (the "Debtor") is liable to Merrick Bank Corporation ("Merrick") for an unliquidated claim (the "Merrick Claim") pertaining to and arising from the credit card processing agreement between the Debtor, Merrick and Renaissance Associates ("Renaissance", collectively with Merrick "the Bank" and, collectively with Merrick and Jennifer, the "Parties") dated January 13, 2010 (the "Agreement"). Pursuant to the Agreement, Merrick holds back as security on behalf of the Bank a portion of the proceeds of credit card sales that would otherwise be remitted to the Debtor (the "Cash Reserve"). Pursuant to Section 5.08 of the Agreement, the Merrick Claim is secured by the collateral listed therein, including, but not limited to, the funds held in the Cash Reserve. The entirety of the Agreement is incorporated herein by reference as if fully set forth.

As of the Petition Date, the Cash Reserve was approximately \$3,975,595.25. Given Merrick's rights of recoupment and setoff as to these funds, the Merrick Claim is secured to the amount of not less than the Cash Reserve and the value of all other collateral pursuant to the Agreement, and is an unsecured claim to the extent, if any, that the setoff and recoupment rights, Cash Reserve, and such other collateral does not suffice to cover the full amount of the Merrick Claim.

A further basis for the Merrick Claim is the August 3, 2010 stipulation between the Debtor, Merrick and Renaissance, so entered by the Court on August 4, 2010 (Docket No. 128), and renewed from time to time thereafter by the parties (collectively, the "Stipulation"). The Stipulation is incorporated herein by reference as if fully set forth.

Miscellaneous

Merrick expressly reserves all rights accruing to it under the Agreement and the filing of this proof of claim is not intended to be and shall not be construed as: (a) an election of remedy; (b) a waiver of claim, right, defense or cause of action; (c) a waiver of limitation of any rights of Merrick including, without limitation, the right to take action against third parties with respect to the claim; or (d) an admission of any fact in any proceeding.

This proof of claim shall not be deemed to be a waiver of Merrick's right (i) to have final orders in non-core matters entered only after de novo review by a District Court Judge, (ii) to trial by jury in any proceeding so triable in this Case or any case, controversy, or proceeding relating to this Case, (iii) to have the District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal, and (iv) to any other rights, claims, actions, setoffs, or recoupments to which Merrick is or may be entitled.

* * *

The foregoing claim is in addition to any claim which may exist for payment of administrative expenses incurred on and after the Petition Date, or for rejection of executory contract(s).

* * *

Merrick Bank Corporation reserves its right to amend this Proof of Claim.

Dated: October 25, 2010

SATTERLEE STEPHENS BURKE & BURKE LLP

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33 WOOD AVENUE SOUTH
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www.ssbb.com

E-Mail: tbrock@ssbb.com
Direct Dial: (212) 404-8781

October 25, 2010

VIA HAND DELIVERY

Clerk of the Court
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

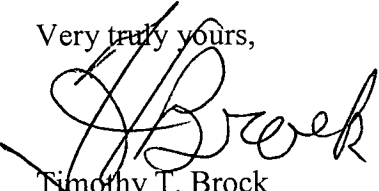
In re Jennifer Convertibles, Inc.
RE: Case No. 10-13779

Dear Sir or Madam:

Enclosed for filing please find an original and one copy of Proof of Claim on behalf of Merrick Bank Corporation in connection with the above matter. I am also enclosing an additional copy to be time stamped and returned to my messenger, who has been instructed to wait.

Thank you for your attention to this matter.

Very truly yours,



Timothy T. Brock

TTB:tc1
Enclosures