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James S. Carr
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*Proposed Counsel to the Official Committee
of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)
(Jointly Administered)

Hearing Date: September 14, 2010 at 11:00 a.m. (EDT)
Objection Deadline: September 8, 2010 at 5:00 p.m. (EDT)

**APPLICATION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF JENNIFER CONVERTIBLES, INC., *ET AL.*
TO RETAIN AND EMPLOY KELLEY DRYE & WARREN LLP AS
COUNSEL, *NUNC PRO TUNC* TO JULY 23, 2010**

The Official Committee of Unsecured Creditors (the “Committee”) of Jennifer Convertibles, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), hereby respectfully submit this application (the “Application”), pursuant to sections 328 and 1103 of the Bankruptcy Code, Bankruptcy Rules 2014 and 5002, and Local Bankruptcy Rule 2014-1, to retain and employ Kelley Drye & Warren LLP (“Kelley Drye”) as its counsel in the Debtors’ cases, *nunc pro tunc* to July 23, 2010. In support of the Application, the Committee submits the declaration (the “Carr Declaration”) of James S. Carr, a partner at Kelley Drye,

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

attached hereto as Exhibit A and incorporated herein by reference. In further support of the Application, the Committee respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory bases for the relief requested herein are sections 328 and 1103 of the Bankruptcy Code, as supplemented by Bankruptcy Rules 2014 and 5002 and Local Bankruptcy Rule 2014-1.

BACKGROUND

2. On July 18, 2010 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

3. Since the Petition Date, the Debtors have continued in possession of their properties and have continued to operate and manage their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On July 23, 2010, the United States Trustee appointed Klaussner Furniture Industries Inc., Creative Television Marketing, Brent Associates Inc., Caye Home Furnishings LLC, Fata Equities LLC, PIC Management Group d/b/a PIC Media Group, PS Promotions Inc., 301 East 66 LLC, and Ayisha Combs to the Committee.² On the same date, the Committee selected Kelley Drye to serve as counsel to the Committee.

5. By this Application, the Committee requests, pursuant to sections 328(a) and 1103 of the Bankruptcy Code, Bankruptcy Rules 2014 and 5002, and Local Bankruptcy Rule 2014-1, entry of an order substantially in the form attached hereto as Exhibit B approving

² Docket Entry No. 77.

the employment and retention of Kelley Drye as counsel to the Committee in connection with these cases, *nunc pro tunc* to July 23, 2010, in accordance with Kelley Drye's normal hourly rates in effect when services are rendered and its normal reimbursement policies, subject to the United States Trustee guidelines, Local Bankruptcy Rule 2016-1, and any applicable Orders of this Court.

6. The Committee believes that *nunc pro tunc* retention is appropriate under the circumstances because the exigencies of these cases required representation for the Committee prior to the submission of this Application to the Court, and Kelley Drye has been providing services to the Committee since its formation. In particular, Kelley Drye has been advising the Committee since its formation in connection with numerous important matters, some of which were heard by this Court on July 26, August 4, and August 10, 2010. The Debtors have proposed a fast-track for these cases pursuant to the terms of a plan support agreement with Haining Mengnu Group Co., Ltd. ("Mengnu"), the Debtors' largest supplier. The Debtors also sought extraordinary first day relief in the form of a critical vendor motion in favor of Mengnu that was intricately tied to the plan support agreement and required immediate attention from the Committee. Further, given the expedited schedule of these cases, the Committee has had several meetings with Mengnu and the Debtors regarding the ultimate direction of these cases. In addition, the Committee had to deal with certain typical requests for first day relief and the stipulation with the Debtors' credit card processors to ensure continued services and increased cash flow for the Debtors.

A. Services to be Performed

7. The Committee respectfully submits that it is necessary and appropriate for the Committee to employ and retain Kelley Drye to provide, among other things, the following services:

- (a) advise the Committee with respect to its rights, duties, and powers in these cases;
- (b) assist and advise the Committee in its consultations with the Debtors in connection with the administration of these cases;
- (c) assist the Committee in analyzing the claims of the Debtors' creditors, and negotiating with holders of claims and equity interests;
- (d) assist the Committee with its investigation of the acts, conduct, assets, liabilities and financial condition of the Debtors and the operation of the Debtors' businesses;
- (e) assist the Committee in its analysis of, and negotiations with, the Debtors or any third party concerning matters related to, among other things, the reconciliation of claims, the assumption or rejection of certain leases of nonresidential real property and executory contracts, asset dispositions, and the terms of a plan of reorganization, accompanying disclosure statement, and related documents;
- (f) assist and advise the Committee regarding its communications to the general creditor body about significant matters in these cases;
- (g) represent the Committee at all hearings and other proceedings;
- (h) review and analyze applications, motions, orders, statements of operations, and schedules filed with the Court and advise the Committee as to their propriety;
- (i) assist the Committee in preparing pleadings and applications as may be necessary in furtherance of the Committee's interests and objectives;
- (j) prepare, on behalf of the Committee, any pleadings, including, without limitation, motions, memoranda, complaints, objections, and responses to any of the foregoing;
- (k) provide information to creditors in accordance with section 1102(b)(3) of the Bankruptcy Code, subject to confidentiality agreements and orders of the Court; and
- (l) perform such other legal services as may be required or are otherwise deemed to be in the interests of the Committee in accordance with the Committee's powers and duties as set forth by the Bankruptcy Code, Bankruptcy Rules, or other applicable law.

8. The Committee selected Kelley Drye because it possesses extensive

knowledge and expertise in the relevant areas of law and is well qualified to represent the

Committee as counsel in these cases. In choosing counsel, the Committee sought attorneys with considerable experience representing unsecured creditors in chapter 11 reorganization cases and other restructurings. Kelley Drye has successfully undertaken numerous creditors' committee representations including, but not limited to, Magic Brands LLC (D. Del.), Z Gallerie Inc. (C.D. Cal.), Bachrach Acquisition, LLC (S.D.N.Y.), Ames Departments Stores, Inc. (S.D.N.Y.), Bender Shipbuilding & Repair Co. Inc. (S.D. Ala.), Four Points Corporation d/b/a Brendan Diamonds (S.D.N.Y.), Verestar, Inc. (S.D.N.Y.), U.S. Shipping Partners L.P. (S.D.N.Y.), HSF Holding, Inc. (D. Del.), Derecktor Shipyards Conn., LLC (D. Conn.), and Delfasco, Inc. (D. Del.). In addition, Kelley Drye currently represents the creditors' committee as special conflicts counsel in the case of Movie Gallery, Inc. (E.D. Va.) and served as conflicts counsel in the case of Worldcom, Inc. (S.D.N.Y.). Kelley Drye has a broad based practice including expertise in bankruptcy and restructuring, litigation, corporate, real estate, and tax law, as well as other areas that may be significant in these cases.

9. Kelley Drye is uniquely qualified to represent the Committee as its counsel in these cases because of Kelley Drye's vast experience in retail cases representing creditors' committees as listed above, as well as landlords, trade creditors, and asset purchasers. Some of the current retail cases in which Kelley Drye represents a major party include Ritz Camera (D. Del.), Pizzeria Uno (S.D.N.Y.), Crabtree & Evelyn (S.D.N.Y.), Bi-Lo, LLC (D.S.C.), Eddie Bauer Holdings, Inc. (D. Del.), S & K Famous Brands, Inc. (E.D. Va.), Pumpkin Patch (D. Del.), Finlay Enterprises, Inc. (S.D.N.Y.), Filene's Basement (D. Del.), and Circuit City (E.D. Va.). In short, Kelley Drye's broad-based practice and considerable experience in bankruptcy and restructuring, as well as its particular expertise in retail cases, will be a significant asset to the Committee in these cases.

B. Professional Compensation

10. Kelley Drye has indicated its willingness to act on the Committee's behalf and to be compensated in accordance with the terms and conditions set forth below and in the Carr Declaration.

11. The Committee understands that Kelley Drye hereafter intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any order establishing procedures for interim compensation and reimbursement of professionals entered in these cases, for all services performed and expenses incurred on and after July 23, 2010.

12. The Committee, subject to the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and such orders of the Court as may be entered in these cases, proposes that Kelley Drye be paid by the estates its customary hourly rates for services rendered, and be reimbursed for its reasonable and necessary expenses according to its customary reimbursement policies as administrative expenses of the estate pursuant to sections 328, 330(a), 331, 503(b), and 507(a)(2) of the Bankruptcy Code.

13. Kelley Drye will bill at its standard hourly rates of \$500-\$700 for partners, \$400-\$600 for counsel, \$305-\$500 for associates, and \$105-250 for paraprofessionals. Kelley Drye shall notify the Committee of any change in the hourly rates charged by Kelley Drye prior to the new rates taking effect. The primary attorneys and paralegals in Kelley Drye's Bankruptcy and Restructuring Practice Group presently designated to represent the Committee and their current standard hourly rates are:

- a. James S. Carr (Partner), \$645/hour;
- b. Eric R. Wilson (Partner), \$585/hour;

- c. Jason R. Adams (Associate), \$485/hour;
- d. Stacia Neeley (Associate), \$455/hour;
- e. Vikki Bollettino (Associate), \$305/hour; and
- f. Marie Vicinanza (Paralegal), \$220/hour.

These hourly rates are subject to periodic adjustments annually to reflect economic and other conditions, and it may be necessary, from time to time, for other Kelley Drye professionals to provide services to the Committee.

14. Consistent with Kelley Drye's policy with respect to its clients and in accordance with the provisions of the Local Bankruptcy Rules regarding expense reimbursement, Kelley Drye will continue to charge the Committee for all other services provided and for other charges and disbursements incurred in rendering services to the Committee. These customary items include, among other things, photocopying, facsimiles, travel, business meals, computerized research, postage, witness fees, and other fees related to trials and hearings.

C. Disclosure Concerning Conflicts of interest

15. To the best of the Committee's knowledge, information, and belief, subject to the disclosures set forth in the Carr Declaration, neither Kelley Drye nor any of its attorneys represent any interest adverse to the Committee in the matters on which they are to be retained.

16. The Committee is aware that Kelley Drye represents the following unsecured creditors, and/or their parents or subsidiaries, in matters unrelated to these cases: Brent Associates Inc., Newsday Inc., Developers Diversified Realty Corp., and Regency Centers L.P. Collectively, these entities accounted for less than 1% of Kelley Drye's collected revenue for calendar year 2009 and none of these creditors are central to the Debtors' reorganization. Kelley Drye will not represent any of these entities in these cases.

17. The Committee does not believe Kelley Drye's representation of any of the foregoing parties in unrelated matters will impair Kelley Drye's ability to represent the Committee as counsel in these cases. The Committee has been informed that Kelley Drye will conduct an ongoing review of its files to ensure that no disqualifying circumstances arise and, if any new relevant facts or relationships are discovered, Kelley Drye will supplement its disclosure to this Court.

NOTICE

18. Notice of this Application has been provided to: (i) counsel to the Debtors; (ii) the Office of the United States Trustee for this District; and (iii) all parties requesting notice pursuant to Bankruptcy Rule 2002. Because of the nature of the relief requested, the Committee respectfully submits that no further notice of the Application is necessary or required under the circumstances.

NO PRIOR REQUESTS

19. No prior application for the relief requested herein has been presented to this Court or any other court.


WHEREFORE, the Committee requests that the Court enter an order substantially in the form attached hereto as Exhibit B: (i) authorizing the Committee to retain and employ Kelley Drye as its counsel, *nunc pro tunc* to July 23, 2010; (ii) authorizing payment of such compensation to Kelley Drye as may be allowed by this Court; and (iii) granting such other and further relief as the Court may deem just and proper.

Dated: August 17, 2010

Respectfully submitted,

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF JENNIFER CONVERTIBLES,
INC., *et al.*

By: _____
Kim Cockerham
Klaussner Furniture Industries, Inc.

AND
By:  _____
Richard Storrs
Creative Television Marketing

Co-Chairs of the Official Committee of Unsecured
Creditors

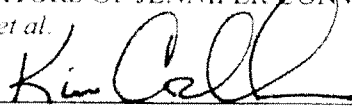
WHEREFORE, the Committee requests that the Court enter an order substantially in the form attached hereto as Exhibit B: (i) authorizing the Committee to retain and employ Kelley Drye as its counsel, *nunc pro tunc* to July 23, 2010; (ii) authorizing payment of such compensation to Kelley Drye as may be allowed by this Court; and (iii) granting such other and further relief as the Court may deem just and proper.

Dated: August 13, 2010

Respectfully submitted,

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF JENNIFER CONVERTIBLES,
INC., *et al.*

By: _____


Kim Cockerham
Klaussner Furniture Industries, Inc.

AND

By: _____

Richard Storrs
Creative Television Marketing

Co-Chairs of the Official Committee of Unsecured
Creditors

EXHIBIT A TO APPLICATION
DECLARATION OF JAMES S. CARR

KELLEY DRYE & WARREN LLP
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Eric R. Wilson
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New York, New York 10178
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*Proposed Counsel to the Official Committee
of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)
(Jointly Administered)

Hearing Date: September 14, 2010 at 11:00 a.m. (EDT)
Objection Deadline: September 8, 2010 at 5:00 p.m. (EDT)

**DECLARATION OF JAMES S. CARR PURSUANT TO 28 U.S.C. § 1746
IN SUPPORT OF THE APPLICATION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF JENNIFER CONVERTIBLES, INC., *ET AL.*,
TO RETAIN AND EMPLOY KELLEY DRYE & WARREN LLP
AS COUNSEL, *NUNC PRO TUNC* TO JULY 23, 2010**

I, JAMES S. CARR, hereby make this declaration pursuant to 28 U.S.C. §1746
and state as follows:

1. I am an attorney admitted to practice in the State of New York and in the
United States District Court for the Southern District of New York. I am a partner in the law
firm of Kelley Drye & Warren LLP ("Kelley Drye"), which maintains offices at 101 Park
Avenue, New York, New York 10178.

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles
Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale
Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer
Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole
Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

2. I am familiar with the matters set forth herein and make this declaration in support of the application of the Official Committee of Unsecured Creditors (the “Committee”) of Jennifer Convertibles, Inc., *et al.* (collectively, the “Debtors”), for authorization to retain and employ Kelley Drye as counsel to the Committee, *nunc pro tunc* to July 23, 2010 (the “Application”).

3. On July 23, 2010, the United States Trustee appointed Klaussner Furniture Industries Inc., Creative Television Marketing, Brent Associates Inc., Caye Home Furnishings LLC, Fata Equities LLC, PIC Management Group d/b/a PIC Media Group, PS Promotions Inc., 301 East 66 LLC, and Ayisha Combs to the Committee.² On the same date, the Committee selected Kelley Drye to serve as counsel to the Committee.

4. By the Application, the Committee seeks to retain Kelley Drye as its counsel, and to have the employment of Kelley Drye be deemed effective as of July 23, 2010. Kelley Drye possesses extensive knowledge and expertise in relevant areas of the law and is well qualified to represent the Committee in these cases. In selecting counsel, the Committee sought attorneys with considerable experience representing unsecured creditors in chapter 11 reorganization cases and other types of cases. As set forth in the Application, Kelley Drye has successfully undertaken numerous creditors’ committee representations. Also as set forth in the Application, Kelley Drye has vast experience representing landlords, trade creditors, and asset purchasers in retail cases throughout the country. Additionally, Kelley Drye has a broad based practice and considerable expertise in bankruptcy and restructuring, corporate, litigation, real estate, and tax law, as well as other substantive legal areas that may be required in these cases.

² Docket Entry No. 77.

5. As counsel, the Committee contemplates that Kelley Drye will perform services for the Committee in relation to, but not limited to, the following matters:

- (a) advise the Committee with respect to its rights, duties, and powers in these cases;
- (b) assist and advise the Committee in its consultations with the Debtors in connection with the administration of these cases;
- (c) assist the Committee in analyzing the claims of the Debtors' creditors, and negotiating with holders of claims and equity interests;
- (d) assist the Committee with its investigation of the acts, conduct, assets, liabilities and financial condition of the Debtors and the operation of the Debtors' businesses;
- (e) assist the Committee in its analysis of, and negotiations with, the Debtors or any third party concerning matters related to, among other things, the reconciliation of claims, the assumption or rejection of certain leases of nonresidential real property and executory contracts, asset dispositions, and the terms of a plan of reorganization, accompanying disclosure statement, and related documents;
- (f) assist and advise the Committee regarding its communications to the general creditor body about significant matters in these cases;
- (g) represent the Committee at all hearings and other proceedings;
- (h) review and analyze applications, motions, orders, statements of operations, and schedules filed with the Court and advise the Committee as to their propriety;
- (i) assist the Committee in preparing pleadings and applications as may be necessary in furtherance of the Committee's interests and objectives;
- (j) prepare, on behalf of the Committee, any pleadings, including, without limitation, motions, memoranda, complaints, objections, and responses to any of the foregoing;
- (k) provide information to creditors in accordance with section 1102(b)(3) of the Bankruptcy Code, subject to confidentiality agreements and orders of the Court; and
- (l) perform such other legal services as may be required or are otherwise deemed to be in the interests of the Committee in accordance with the Committee's powers and duties as set forth by the Bankruptcy Code, Bankruptcy Rules, or other applicable law.

A. Kelley Drye's Rates and Billing Practices

6. Kelley Drye is willing to be retained by the Committee as its counsel and will make appropriate application to this Court for compensation and reimbursement of out-of-pocket expenses, all in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the guidelines set forth by the Office of the United States Trustee, and any orders of this Court.

7. Kelley Drye will bill at its standard hourly rates of \$500-\$700 for partners, \$400-\$600 for counsel, \$305-500 for associates, and \$105-\$250 for paraprofessionals. Kelley Drye will notify the Committee of any change in the hourly rates charged by Kelley Drye prior to the new rate taking effect. The primary attorneys and paralegals in Kelley Drye's Bankruptcy and Restructuring Practice Group designated to represent the Committee in these cases and their current standard hourly rates are:

- a. James S. Carr (Partner), \$645/hour;
- b. Eric R. Wilson (Partner), \$585/hour;
- c. Jason R. Adams (Associate), \$485/hour;
- d. Stacia Neeley (Associate), \$455/hour;
- e. Vikki Bollettino (Associate), \$305/hour; and
- f. Marie Vicinanza (Paralegal), \$220/hour.

These hourly rates are subject to periodic adjustments (typically in January of each year) in the normal course of Kelley Drye's business. Other attorneys or paralegals may, from time to time, assist in the representation of the Committee in these cases, at Kelley Drye's standard hourly rates then in effect for those personnel. The hourly rates set forth above are Kelley Drye's standard hourly rates for work of this nature and are comparable to similar firms.

8. The rates listed above are set at a level designated to fairly compensate Kelley Drye for the work of its attorneys and paralegals. It is Kelley Drye's policy to charge its clients in all areas of practice for all other non-ordinary overhead expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, telephone and long-distance facsimile charges, photocopying charges, travel expenses, expenses for "working meals," and computerized research. Kelley Drye will seek reimbursement of these expenses within the limits of the United States Trustee guidelines, the Local Bankruptcy Rules, and any applicable orders of this Court.

9. Kelley Drye understands that any payments it receives for fees and expenses incurred on behalf of the Committee are subject to the approval of this Court. Kelley Drye will seek interim compensation during these cases as permitted by sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, Local Bankruptcy Rule 2016-1, and applicable orders of this Court.

10. Kelley Drye has not received a prepetition or postpetition retainer for the services to be rendered in these cases.

B. Kelley Drye's Disclosure Procedures

11. Section 1103 of the Bankruptcy Code does not require professionals employed by the Committee to meet the "disinterested person" standard set forth in section 101(14) and incorporated in section 327(a) of the Bankruptcy Code, but rather provides that Committee professionals may not "represent any other entity having an adverse interest in connection with the case." 11 U.S.C. § 1103(b). Bankruptcy Rule 2014 requires that all professionals seeking retention under section 1103 disclose all connections with the Debtors, their estates, their professionals, and the Office of the United States Trustee. Bankruptcy Rule 5002 places certain restrictions on employment of an attorney under section 1103 of the

Bankruptcy Code if the professional is a relative of, or has other connections with, the bankruptcy judge assigned to the case or the United States Trustee in the region in which the case is pending.

12. In connection with its Application and to prepare this Declaration, Kelley Drye compared the information contained in the conflict system and adverse party indexes currently maintained by Kelley Drye (the “Conflicts System”) with the names of significant parties in these cases, including (i) the Debtors; (ii) the consolidated list of 20 largest creditors filed in these cases; (iii) known officers and directors of the Debtors; (iv) professionals retained and proposed to be retained in these cases; (v) the Debtors’ lease counterparties; (vi) the United States Trustee for Region 2 and staff members; and (vii) the Judges of the United States Bankruptcy Court for the Southern District of New York. The specific names of the parties run through the Conflicts System are set forth on Exhibit 1 attached hereto.

13. The Conflicts System maintained by Kelley Drye is designed to include every matter on which the firm is now or has been engaged, sorted by which entity the firm is now or has been engaged by, and, in each instance, listing the identity of related parties and adverse parties and the attorneys in the firm who are knowledgeable about the matter. It is the policy of Kelley Drye that a new matter may only be opened within the firm after completing and submitting, to those charged with maintaining the Conflicts System, the information necessary to check each such matter for conflicts, including the identity of the prospective client and related adverse parties. Accordingly, Kelley Drye maintains and systematically updates this system in the regular course of the firm’s business, and it is the regular practice of the firm to make and maintain these records.

14. Further, an e-mail was sent to each partner of Kelley Drye to verify whether any member of Kelley Drye has a connection to (i) the Debtors; (ii) current and former directors or officers of the Debtors; or (iii) holders of equity or warrants of the Debtors. Another e-mail was sent to all Kelley Drye attorneys to verify whether any attorney is a relative of any of the Judges of the United States Bankruptcy Court for the Southern District of New York or a relative of the United States Trustee for Region 2 or her staff. No affirmative responses were received to these e-mail communications.

C. Kelley Drye's Connections With Parties In Interest In Matters Unrelated To These Cases

15. Based on the results of the Conflicts System, Kelley Drye does not hold or represent any interest adverse to, and has no connection with, the Debtors herein, their twenty largest creditors on a consolidated basis, the United States Trustee for Region 2 or any of the attorneys in the office of the United States Trustee for this District, the bankruptcy Judges of this District, or any other party-in-interest herein in the matters upon which Kelley Drye is to be retained in these cases, subject to the following disclosure:

- a. The Committee is aware that Kelley Drye represents the following unsecured creditors, and/or their parents or subsidiaries, in matters unrelated to these cases: Brent Associates Inc., Newsday Inc., Developers Diversified Realty Corp., and Regency Centers L.P. Collectively, these entities accounted for less than 1% of Kelley Drye's collected revenue for calendar year 2009 and none of these creditors are central to the Debtors' reorganization. Kelley Drye has not, does not, and will not represent any of these entities in any matter related to the Debtors' cases.

16. I believe these current and prior representations have not and will not affect Kelley Drye's representation of the Committee in these cases. None of Kelley Drye's representations of these parties or other parties in interest who are involved in these cases comprises a material component of Kelley Drye's practice, nor does Kelley Drye currently represent any such parties on any issue relating to the Debtors' cases.

17. In addition, Kelley Drye may have represented, may currently represent and may, in the future, represent other entities not currently known to Kelley Drye who may be creditors of the Debtors in matters wholly unrelated to the Debtors' cases. I understand that there is a continuing duty to disclose any adverse interest and change in disinterestedness. To the extent Kelley Drye discovers any such information or needs to update the information disclosed herein, Kelley Drye will disclose such information to the Court, the Debtors' counsel, and the United States Trustee by filing a supplemental declaration.

18. Kelley Drye does not currently represent the Debtors or any of their affiliates or subsidiaries. Kelley Drye will not undertake the representation of the Debtors or any related entities during this engagement, nor will Kelley Drye undertake the representation of any party other than the Committee in connection with these cases.

19. For the reasons stated herein, Kelley Drye represents no interests adverse to the Committee or the Debtors' estates and, therefore, is capable of fulfilling its fiduciary duty under that standard. Accordingly, Kelley Drye's retention under section 1103 of the Bankruptcy Code as counsel to the Committee is appropriate.

20. No agreement exists, nor will any be made, other than Kelley Drye's partnership agreement, to share any compensation received by Kelley Drye for its services with any other person or firm.

I, James S. Carr, declare, under penalty of perjury, that I have read the foregoing and that it is true and correct to the best of my knowledge, information, and belief.

Dated: New York, New York
August 18, 2010

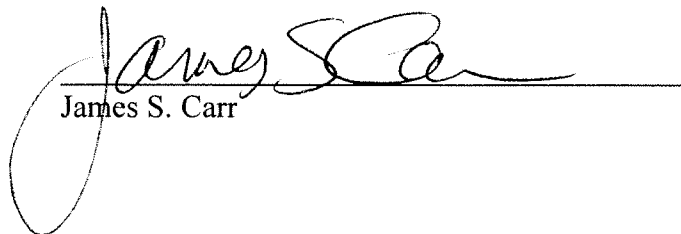

James S. Carr

EXHIBIT 1 TO CARR DECLARATION

LIST OF NAMES SEARCHED THROUGH THE CONFLICTS SYSTEM

Jennifer Convertibles, Inc., et al. – Conflict Check

Judge and US Trustee

Judge Allan L. Gropper
Nazar Khodorovsky
Andrew Velez-Rivera

Debtors' Counsel & Financial Advisor

Michael S. Fox, Esq., Olshan Grundman Frome Rosenzweig & Wolosky, LLP
Jordanna L. Nadritch, Esq., Olshan Grundman Frome Rosenzweig & Wolosky, LLP
Robert C. Grien, TM Capital

Debtors

Jennifer Convertibles, Inc.
Jennifer Convertibles Boylston MA, Inc.
Jennifer Chicago Ltd.
Elegant Living Management, Ltd.
Hartsdale Convertibles, Inc.
Jennifer Management III Corp.
Jennifer Purchasing Corp.
Jennifer Management II Corp.
Jennifer Management V Ltd.
Jennifer Convertibles Natick, Inc.
Nicole Convertibles, Inc.
Washington Heights Convertibles, Inc.

Debtors' Equity Holders (Based on Debtors' Schedule 4)

Harley Greenfield
Ed Seidner
Edward G. Bohn
Kevin J. Coyle
Leslie Falchook
Rami Abada
Kevin Mattler
Mark Berman

Debtors' Officers and Directors (Based on Debtors' Schedule 9)

Harley J. Greenfield, *Chairman of the Board and Chief Executive Officer*
Rami Abada, *President, Chief Financial Officer, and Chief Operating Officer*
Edward B. Seidner, *Executive Vice President*
Kevin Mattler, *Senior Vice President – Store Operations*
Leslie Falchook, *Senior Vice President – Administration*

Joe Schillero, *Controller*
John Duncan, *Senior Vice President of National Sales*
Dave Sakol, *Vice President of Store Operations*
David Borgen, *Vice President of Advertising*
Steve Finnigan, *Senior Vice President of Warehousing*
Marty Ehrlich, *Vice President of Customer Service*
George Marr, *IT Director*
Sandi Bass, *Flow Buyer*

Members of the Official Committee of Unsecured Creditors

Klaussner Home Furnishings
Creative Television Marketing
Caye Home Furnishings LLC
Brent Associates, Inc.
PIC Management Group d/b/a/ PIC Media Group
PS Promotions, Inc.
Fata Equities, LLC
310 East 66 LLC
Ayisha Combs

20 Largest Unsecured Creditors (Excluding Insiders)

Haining Mengnu Group Co. Ltd.
Creative Television Marketing
Ashley Furniture Industries, Inc.
Ayisha Combs – Class Action Litigation
Klaussner Furniture Industries
NBC Universal
PIC TV Incorporated
PS Promotion
Stratford Company/Caye Upholstery
Brent Associates, Inc.
Fata Equities, LLC
376 Boylston St. Realty Trust
Woodbury Office Seven
Newsday Inc.
Boston Globe
301 E 66th St Assoc Ltd Ptnshp
Zimmerman Advertising
Restful Furniture Corp
WABC TV (CH7)
Los Angeles Times

Counterparties to Leases and Property Managers

Woodbury Office Seven
BINA REALTY
Restful Furniture Corp
Brent Associates, Inc.
8812 Queens Boulevard, LLC
GMM Consulting, Inc
TMCC, Inc.
AYRES ASSOCIATES
83rd St. Investors LLC
Robert J. Sabbagh, George A.
Shiff Realty Trust
Corner Properties 2, LLC
Walnut Associates, LP
Hannington LP
KSKIM Porter Equity Partners, LLC
MJD Investment Co.
Vicenti Asset LLC
280 Metro Limited Partnership (Kimco)
William Benbassat
Centro Watt Property Owner II, LLC
McKinley Corona
Enea Properties Company
El Cerrito Plaza
Freemont Retail Partners LP
VNN Group LLC
GGF Huntington, LLC
Laguna Hills Investment Co.
Midland Pacific LLC
Chavin Family
I & D Sherry
Redwood Plaza/Man Je Kim
Ostrich, Inc.
Tommy Kennedy
Winfield Group
HK Bashi
Valencia Marketplace I LLC
Kir Torrance, L.P.
JGL Trustees Services
Tustin Market Place
AEK Associates (Ventana Prop)
1900-1902 Van Ness LLC
Klein Miller
Urstadt Biddle Properties Inc.
Robert Gwynn

Macomb Mall, LLC
Athen's Land Company, L.L.C.
Crosspointe Plaza, LLC
Investments Limited
Sherwood 110 Corp.
Oakland Square LLC
4400 University Drive Ltd
Herman Goldszlager, Sam & Sara Goldszlager
Pembroke Place Property, LLC
Pond Road Associates, LLC
Boca Pier Associates Ltd
Nam Won Paek or Soon M Paek
SCI Cobb Place Fund, LLC
IA DULUTH
Inland American Retail Management LLC
Pine Top Associates
Holmdel Towne Center LLC
Fata Equities, LLC
Samuel Lotstein Realty Co LLC
RJB-II Limited Partnership
Diversey/Halsted Ltd Ptnship (Jerome Meyer)
Jerome H. Meyer & Co.
DDRTC VILLAGE CROSSING LLC
Zifkin Realty Management, LLC
Inland Commercial Property
376 Boylston St. Realty Trust
Ayelet Managment LLC
8812 Queens Boulevard, LLC
Sherwood 110 Corp.
Kingsway Plaza Associates
301 E 66th St Assoc Ltd Ptnshp
Abill Realty Corp
Toys R Us -Delaware Inc.
BTMILTD01
Benderson-Wainberg Associates (Developers Diversified)
SSSG Realty Trust
NTH 255W, LLC
MBK HOLDINGS, LLC
Stratis Corporation
Glenn Herrigel & M Herrigel
Plaza K Shopping Center
Urban Retail Properties Co.
Equity Mgmt, LLC
BG Monmouth, LLC (Developers Diversified)
Federal Realty Investment Trust
8150 Leesburg Pike LLC

Dobbin Corner, LLC
JBG/Montgomery Village, L.L.C.
Penn Mar Associates, L.L.C.
Cipriano Square Plaza Corp.
East Gate Center I Ltd. Ptshp.
Middletown 1 Resources L.P.
Regency Centers, L.P.
Green Acres Metro Ltd Ptnshp
Federal Realty Investment Trust
CW Waldorf Retail LP
Kir Cary, L.P.
CBL-TRS Joint Venture II, LLC
Shops on the Curve, LLC
Ramco/West Oaks 11-Spring Meadows, LLC
D'Angelo Inc.
MBarry Schultz & Co
City Centre Philadelphia, PA
Main Street At Exton, L.P.
Narinder Garg
South 17 Assoc
416-424 Realty Corp
8812 Queens Boulevard, LLC
Preit-Rubin, Inc.
Abill Realty Corp
Westport Retail, LLC
Todd Garrett LLC
905WPR,LLC; Metrovest
MBK HOLDINGS, LLC
Pergament Mall of Staten Island, LLC
Sivan Properties Corp.
111 Realty Company Majestic Management
LE Barasch of Toms River LLC
26 West 23rd Street LLC
Bay Plaza West LLC (Prestige Properties Dev)
Beller and Beller
THIRD & FIFTY
Bon Realty
Lawrence Realty, 2319 1st Avenue, #206, Seattle, WA 98121
College Avenue
Jacob Pearlstein, LLC
JW Mays
Annapolis Harbour Center
CJ Realty L.P., c/o Spiegel Associates
Patchogue Associates
Acadia Realty
Woodrose Realty, 30-32 Steinway Street, Astoria, NY

902 Associates (C/o Williams Real Estate)
Leesburg Pike Center LLC
Kimco Realty Corp
James W Bertarelli
Mico Archibald Partners, LLC.
Tuscany Furniture
1839 South Road, LLC
WORKMAN ENTERPRISES LLC
181st Washington Heights
Best Delivery Services, Inc.
Lee Properties Inc.
Twelve Sixty Three-M, LLC
AMB-SGP CIF-1 LLC

EXHIBIT B TO APPLICATION

PROPOSED FORM OF ORDER

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC., *et al.*¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)
(Jointly Administered)

Hearing Date: September 14, 2010 at 11:00 a.m. (EDT)
Objection Deadline: September 8, 2010 at 5:00 p.m. (EDT)

**ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT
OF KELLEY DRYE & WARREN LLP AS COUNSEL TO
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
JENNIFER CONVERTIBLES, INC., ET AL., NUNC PRO TUNC TO JULY 23, 2010**

Upon the application (the “Application”)² dated August 18, 2010, of the Official Committee of Unsecured Creditors (the “Committee”) of Jennifer Convertibles, Inc., *et al.* (collectively, the “Debtors”), pursuant to sections 328 and 1103 of the Bankruptcy Code, Bankruptcy Rules 2014 and 5002, and Local Bankruptcy Rule 2014-1, for authority to retain and employ the law firm of Kelley Drye & Warren LLP (“Kelley Drye”), *nunc pro tunc* to July 23, 2010; and upon the declaration of James S. Carr, a partner at Kelley Drye, dated August 18, 2010 (the “Carr Declaration”), filed in support of the Application; and the Court being satisfied and finding, based on the representations made in the Application and the Carr Declaration, that Kelley Drye represents no interest adverse to the Committee or the Debtors’ estates with respect to the matters upon which it is to be engaged; that Kelley Drye’s employment is necessary and in the best interests of the Committee and the Debtors’ estates; that adequate notice of the

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Application.

Application has been given and that no other notice need to be given; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED that:

1. The Application is GRANTED.
2. In accordance with sections 328 and 1103 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 5002, and Local Bankruptcy Rule 2014-1, the Committee is hereby authorized and empowered to employ and retain the firm of Kelley Drye as its counsel, *nunc pro tunc* to July 23, 2010, to represent the Committee in these cases under the Bankruptcy Code, and such retention and employment is hereby approved.
3. Kelley Drye shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, such Bankruptcy Rules and Local Bankruptcy Rules as may then be applicable from time to time, and such procedures as may be fixed by order of this Court.
4. This Court shall retain jurisdiction over the implementation and interpretation of this Order.

Dated: New York, New York
September ____, 2010

THE HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE