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Proposed Counsel to the Debtors

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**APPLICATION PURSUANT TO 28 U.S.C. § 156(c) FOR AUTHORIZATION
TO EMPLOY AND RETAIN OFFICIAL CLAIMS AND NOTICING AGENT**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The above-referenced debtors and debtors in possession (collectively, the “Debtors”) file this Application Pursuant to 28 U.S.C. § 156(c) for Authorization to Employ and Retain Official Claims and Noticing Agent (the “Application”) and in support would respectfully show as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

Background

1. On July 18, 2010 (the “Petition Date”), each of the debtors commenced with the Bankruptcy Court a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code.” The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or statutory creditors’ committee has been appointed in these chapter 11 cases.

2. Jennifer Convertibles, Inc. was organized as a Delaware corporation in 1986, and is currently the owner of (i) the largest group of sofabed specialty retail stores and leather specialty retail stores in the United States, with stores located throughout the Eastern seaboard, Midwest, West Coast and Southwest, and (ii) seven big box, full-line furniture stores operated under the Ashley Furniture HomeStore brand (the “Ashley Stores”) under a license from Ashley Furniture Industries, Inc.

3. In order to generate sales, the Debtors rely on aggressive pricing, the attractive image of its stores, extensive advertising and prompt delivery. Operations are classified into two operating segments organized by retail concept: Jennifer and Ashley. The Jennifer segment operates the sofabed specialty retail store concept. The Ashley segment is the big box, full line home furniture retail store concept. There are no inter-company sales between segments. The Ashley segment is highly profitable due to its unique sourcing model, whereby once most sales are executed, Ashley’s supplier manages the supply chain process. Under the Ashley sourcing model, the Debtors need for warehouse inventory is reduced, thereby limiting working capital needs and infrastructure requirements. The Debtors’ two operating segments enable the Debtors

to more effectively offer diverse home furnishings and accessories and expand to a broader consumer base.

4. As of the Petition Date, the Debtors' stores include 130 stores operated by the Jennifer segment. During fiscal 2007, the Debtors opened their first Ashley Store. As of the Petition Date, the Debtors operate seven Ashley Stores.

5. As of the Petition Date, the Debtors employ 497 people. There are 336 employees in the Jennifer segment, 114 employees in the Ashley segment and 47 corporate employees. None of the employees are represented by a collective bargaining unit.

6. For the fiscal year ended August 29, 2009, the Debtors' consolidated financial statements showed revenues from continuing operations of approximately \$94,177,000, compared with \$120,131,000 for the fiscal year ended August 30, 2008, and \$132,683,000 for the fiscal year ended August 25, 2007. For the thirty-nine weeks ended May 29, 2010, revenues from continuing operations were approximately \$70,036,000, with \$56,144,000 coming from the Jennifer segment stores, and \$13,892,000 from the Ashley segment stores.

7. Net sales from continuing operations were \$88,845,000 and \$113,073,000 for the fiscal years ended August 29, 2009 and August 30, 2008, respectively. Net sales from continuing operations decreased by 21.4%, or \$24,228,000 for the fiscal year ended August 29, 2009 compared to the fiscal year ended August 30, 2008. The decrease in net sales is attributable to a decline in overall demand within the furniture industry sector due to a poor housing market and an overall weak U.S. economy. Consolidated same store sales from continuing operations (sales at those stores open for the entire current and prior comparable periods) decreased 19.6% for the thirteen weeks ended May 29, 2010, compared to the same period ended May 30, 2009.

8. Specifically, in the Ashley Segment, net sales from continuing operations were \$5,106,000 and \$3,363,000 for the thirteen-week periods ended May 29, 2010 and May 30, 2009, respectively. Net sales from continuing operations increased by 51.8%, or \$1,743,000 for the thirteen-week period ended May 29, 2010 compared to the thirteen-week period ended May 30, 2009. The increase is largely attributable to four new Ashley locations open during the thirteen-week period ended May 29, 2010, that were not open during the same thirteen week period last year.

9. In the Jennifer Segment, net sales from continuing operations were \$16,375,000 and \$16,987,000 for the thirteen-week periods ended May 29, 2010 and May 30, 2009, respectively. Net sales from continuing operations decreased by 3.6%, or \$612,000 for the thirteen-week period ended May 29, 2010 compared to the thirteen-week period ended May 30, 2009. The decrease is attributable to the decline in overall demand within the furniture industry sector due to the prevailing conditions of the U.S. economy, the current housing market, store closings, and delays in receipt of merchandise from the Debtors' Chinese supplier, all as discussed in greater detail in the other first day motions, filed concurrently herewith.

10. The factual background relating to the Debtors' commencement of these chapter 11 cases is set forth in additional detail in the Declaration of Rami Abada in Support of First Day Motions (the "Abada Declaration") filed contemporaneously with this Motion and incorporated herein by reference.

Jurisdiction

11. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

12. The statutory predicate for the relief requested herein is 28 U.S.C. § 156(c).

Relief Requested

13. By this Application, the Debtors seek authorization to employ BMC Group, Inc. (the “Claims Agent”) as the claims and noticing agent in connection with their chapter 11 Cases on the terms and subject to the conditions of the engagement letter attached hereto as Exhibit A which will be filed under separate cover (the “Agreement”). The Debtors’ selection of Claims Agent to act as the claims and noticing agent has satisfied the Court’s *Protocol for the Employment of Claims and Noticing Agents*, in that the Debtors have obtained and reviewed engagement proposals from other court-approved claims and noticing agents to ensure selection through a competitive process. Moreover, the Debtors submit, based on all engagement proposals obtained and reviewed, that Claims Agent will provide the most cost effective and efficient service as a claims and noticing agent for these chapter 11 cases.

14. Section 156(c) of title 28 of the United States Code governs the staffing and expenses of the Bankruptcy Court and authorizes the Court to use facilities other than those of the Bankruptcy Clerk’s Office² for the administration of bankruptcy cases. Section 156(c) provides,

[A]ny court may utilize facilities or services, either on or off the court’s premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estates and are not charged to the United States.

28 U.S.C. § 156(c).

15. The Debtors estimate that there are in excess of 3,000 creditors and other parties in interest in these cases, many of which are expected to file proofs of claim. The distribution of

² Herein the “Clerk’s Office” shall mean the Clerk for the United States Bankruptcy Court for the Southern District of New York.

notices, and the receipt, docketing, and maintenance of proofs of claim in these Cases would be unduly time consuming and burdensome for the Clerk's Office.

16. The Debtors believe that the retention of the Claims Agent as the official noticing and claims agent in these cases to render such services is in the best interests of their estates and parties in interest. As set forth more fully in the *Affidavit of Tinamarie A. Feil in Support of Application Pursuant to 28 U.S.C. § 156(c) for Authorization to Employ and Retain Official Claims and Noticing Agent* attached hereto as Exhibit B (the "Affidavit"), the Claims Agent is a nationally recognized specialist in chapter 11 administration. The Claims Agent has considerable experience in noticing and claims administration in chapter 11 cases.

17. Subject to the Court's approval, at the Debtors' or the Clerk's Office's direction, as the case may be, and in accordance with any court order in or rules applicable to the Debtors' Cases (including a court order authorizing the Claims Agent's engagement), the Claims Agent will, among other things: (a) assist the Debtors, Olshan Grundman Frome Rosenzweig & Wolosky LLP as counsel ("Counsel") for the Debtors, and/or the Clerk's Office with noticing and claims docketing, and (b) assist the Debtors and their Counsel with the compilation, administration, evaluation and production of documents and information necessary to support a restructuring effort. At the direction of the Debtors, Debtors' Counsel or the Clerk's Office, as the case may be, and in accordance with any court orders or rules in the bankruptcy cases (including any court order authorizing the Claims Agent's engagement), the Claims Agent will upon request (1) prepare and serve those notices required in the bankruptcy cases (2) assist the Debtors and Counsel with the administrative management, reconciliation and resolution of claims; (3) print, mail and tabulate ballots for purposes of plan voting, if requested; (4) assist with the preparation, maintenance and update of the Debtors' master lists and databases of

creditors; (5) assist with the production of reports, exhibits and schedules of information, as needed, for use by the Debtors and their Counsel; and (6) provide other technical and document management services of a similar nature requested by the Debtors or the Clerk's office. Claims Agent will undertake, inter alia, the following actions and procedures in its role as claims and noticing agent:

- (a) Notify all potential creditors of the filing of the bankruptcy petitions and of the setting of the date for the first meeting of creditors, pursuant to § 341(a) of the Bankruptcy Code, under the proper provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules");
- (b) Maintain an official copy of the Debtor(s)' schedules of assets and liabilities and statement of financial affairs (collectively, "Schedules"), listing the Debtor(s)' known creditors and the amounts owed thereto;
- (c) Notify all potential creditors of the existence and amount of their respective claims as evidenced by the Debtor(s)' books and records and as set forth in the Schedules;
- (d) Furnish a notice of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court;
- (e) Maintain a post office box for the purpose of receiving claims;
- (f) For all notices, file with the Clerk an affidavit or certificate of service which includes a copy of the notice, a list of persons to whom it was mailed (in alphabetical order), and the date mailed, within seven (7) days of service;
- (g) Docket all claims received by the clerk's office, maintain the official claims registers (the "Claims Registers") for each Debtor on behalf of the Clerk, and, upon the Clerk's request, provide the Clerk with certified duplicate, unofficial Claims Registers;
- (h) Specify, in the applicable Claims Register, the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, and (iv) the classification(s) of the claim (e.g., secured, unsecured, priority, etc.);
- (i) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e);

- (j) Relocate, by messenger, all of the court-filed proofs of claim to the offices of [name of claims and noticing agent], not less than weekly;
- (k) Upon completion of the docketing process for all claims received to date for each case, turn over to the Clerk copies of the claims register for the Clerk's review (upon the Clerk's request);
- (l) Make changes in the Claims Registers pursuant to Court Order;
- (m) Maintain the official mailing list for each Debtor of all entities that have filed a proof of claim, which list shall be available upon request by a party-in-interest or the Clerk;
- (n) Assist with, among other things, solicitation and calculation of votes and distribution as required in furtherance of confirmation of plan(s) of reorganization;
- (o) Thirty (30) days prior to the close of these cases, arrange to have submitted to the Court a proposed Order dismissing the claims and noticing agent and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of these cases;
- (p) File with the Court the final version of the claims register immediately before the close of the chapter 11 cases; and
- (q) At the close of the case, box and transport all original documents, in proper format, as provided by the Clerk's Office, to the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064.

18. The Debtors request authority to compensate and reimburse the Claims Agent in accordance with the payment terms of the Agreement for all services rendered and expenses incurred in connection with the Debtors' Cases. The Debtors will pay the Claims Agent's standard fees and other costs for its services, expenses and supplies at the rates or prices in effect on the day such services and/or supplies are provided to the Debtors, in accordance with the Fee Schedule attached to the Agreement. The Debtors will also pay the Claims Agent for any necessarily incurred out of pocket reasonable expenses for transportation, lodging, meals and related items. In connection with noticing services, if necessary and upon the Claims Agent's request, the Debtors may prepay estimated postage amounts with respect to each notice or shall

authorize the Claims Agent to cause the courier's charges to be stated to the Debtors' own account with the courier. The Debtors believe that such compensation rates are reasonable and appropriate for services of this nature and comparable to those charged by (a) the Claims Agent in other chapter 11 cases in which it has served as claims and noticing agent; and (b) other providers of similar services. The Claims Agent is not a prepetition creditor of the Debtors' estates.

19. In an effort to reduce the administrative expenses related to the Claims Agent's retention, the Debtors seek authorization to pay the Claims Agent's fees and expenses on a monthly basis in accordance with the provisions of the Agreement and any budgeted use of cash collateral or debtor-in-possession financing, and without the necessity of the Claims Agent filing formal fee applications with the Court.

20. In the event that the Claims Agent's services are terminated, the Claims Agent shall perform its duties until the occurrence of a complete transition with the Clerk's Office or any successor claims/noticing agent.

21. To the best of the Debtors' knowledge, neither the Claims Agent nor any of its members or employees holds or represents any interest adverse to the Debtors' estates or creditors with respect to the services described herein and in the Agreement.

PRAYER

The Debtors respectfully request entry of an order authorizing the employment of the Claims Agent as the claims and noticing agent in connection with the Cases. The Debtors also request such other and further relief to which they may be justly entitled.

Dated: July 19, 2010
New York, New York

By: /s/ Michael S. Fox

Michael S. Fox
Andrea Fischer
Jordanna L. Nadritch
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65 East 55th Street
New York, New York 10022
(212) 451-2300

*Proposed Attorneys for the Debtors and
Debtors in Possession*

Exhibit A

BMC Group Engagement Letter

To Be Filed Under Separate Cover

Exhibit B

Affidavit of Tinamarie A. Feil

**OLSHAN GRUNDMAN FROME
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212.451.2300

Proposed Counsel to the Debtors

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**AFFIDAVIT OF TINAMARIE A. FEIL IN SUPPORT OF
APPLICATION PURSUANT TO 28 U.S.C. § 156(c) FOR AUTHORIZATION
TO EMPLOY AND RETAIN OFFICIAL CLAIMS AND NOTICING AGENT**

**STATE OF NEW YORK §
 §
COUNTY OF NEW YORK §**

BEFORE ME, the undersigned authority, on this day personally appeared Tinamarie A. Feil, who, after being duly sworn, upon her oath deposed and stated as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

Responsible Member

1. “My name is Tinamarie A. Feil. I am more than twenty-one (21) years of age and am competent and authorized to make this Affidavit. I have personal knowledge of the facts set forth herein.

2. I am the President of Client Services of BMC Group, Inc. (“BMC”), which was founded in 1998 and has offices in Kansas City, Los Angeles, New York, Chicago, Cleveland, Seattle and Chanhassen. BMC is an information management and professional services firm supporting legal, medical and corporate clientele. This Affidavit is submitted in connection with the *Application Pursuant to 28 U.S.C. § 156(c) for Authorization to Employ and Retain Official Claims and Noticing Agent* (the “Application”) in the Debtors’ Cases herein.²

3. The services BMC proposes to render to the Clerk and the Debtors as Official Claims and Noticing Agent are set forth in the Agreement annexed as Exhibit “A” to the Application and which is incorporated herein by reference.

4. BMC specializes in providing comprehensive consulting and bankruptcy data management services to chapter 11 debtors in order to streamline and manage the administrative burdens imposed upon debtors in chapter 11 cases. Such services include, but are not limited to, acting as an agent for and custodian of records of the Clerk of the Court with respect to noticing, the preparation of schedules of assets and liabilities and statement of financial affairs, the administration, reconciliation and negotiation of claims as well as administration of plan of reorganization votes and distributions under the plan of reorganization. BMC has provided identical or substantially similar services to other chapter 11 debtors in this and in other jurisdictions. Accordingly, BMC is well qualified to provide the services set forth in the

² Capitalized terms not defined herein shall have the meaning given to them in the Application.

Agreement. The compensation arrangement provided in the Agreement is consistent with and typical of arrangements negotiated by BMC and other firms within its industry in this and other districts.

5. BMC will undertake the actions and procedures provided in the Agreement attached hereto as Exhibit "A," including, but not limited to, the following:

- (a) assisting the Debtors, Counsel and/or Office of the Clerk with noticing and claims docketing;
- (b) assisting Debtors with the compilation, administration, evaluation and production of documents and information necessary to support a restructuring effort; and
- (c) at the direction of the Debtors, Debtors' Counsel or the Clerk's Office, as the case may be, and in accordance with any court orders or rules in the bankruptcy cases (including any court order authorizing BMC's engagement), BMC will (1) prepare and serve those notices required in the bankruptcy cases; (2) assist Debtors and Counsel with the administrative management, reconciliation and resolution of claims; (3) print, mail and tabulate ballots for purposes of plan voting, if requested; (4) assist with the preparation, maintenance and update of Customer's master lists and databases of creditors; (5) assist with the production of reports, exhibits and schedules of information for use by the Debtors' Counsel (6) provide other technical and document management services of a similar nature requested by Debtors or the Clerk's office; and (7) facilitate or perform distributions, if requested.

6. To the best of my knowledge, neither BMC nor any employee of BMC has any connection with the Debtors, its creditors, the United States Trustee or any of its employees, any other parties in interest herein or their respective attorneys or accountants that would be adverse to the role for which BMC is to be employed.

7. To the best of my knowledge, BMC is not a creditor of the Debtors, nor does BMC hold or represent any interest adverse to the Debtors' or their estates, their creditors or equity security holders for the services for which BMC is to be employed, and thus, BMC is a "disinterested person" within the meaning of Bankruptcy Code § 101(14).

8. Neither BMC nor I am related to or connected to any United States Bankruptcy Judge or District Judge for the Southern District of New York or the United States Trustee or to any employee in the offices thereof.

9. Upon information and belief, BMC represents, among other things, that:

(a) It is not and will not be employed by any federal or state agency (the "Government") and will not seek any compensation from the Government;

(b) By accepting employment in these Chapter 11 cases, it waives any right to receive compensation from the Government;

(c) It is not an agent of the United States and is not acting on behalf of the United States;

(d) It will not misrepresent any fact to the public; and

(e) It will not employ any past or present employees of the Debtors for work involving these Chapter 11 Cases.

10. Except as described herein, neither BMC nor any officer or director of BMC has any connection or relationship with the Debtors, their creditors, or any other parties in interest in these Cases (or their attorneys or accountants) that would conflict with the scope of BMC's retention or would create any interest adverse to the Debtors' bankruptcy estates, any statutory committee appointed in these Cases or any other party in interest. BMC has and will continue to represent clients in matters unrelated to these Cases and has had and will continue to have relationships in the ordinary course of business with certain professionals in connection with matters unrelated to these Cases.

11. Neither BMC nor I have agreed to share compensation received in these Cases with any other person or entity not a member or associate of BMC.

12. BMC will continue to perform the services contemplated by the Agreement notwithstanding a conversion of the Debtors' chapter 11 cases to chapter 7 cases.

13. In the event that BMC's services are terminated, BMC shall perform its duties until the occurrence of a complete transition with the Clerk's Office or any successor agent of the Court.

14. BMC will comply with all requests of the Clerk's Office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c).

15. BMC acknowledges that it will perform its duties if it is retained in the Debtors' chapter 11 cases regardless of payment and to the extent that BMC requires redress, it will seek appropriate relief from the Court.

16. In the event that I discover that any facts bearing on the matters described in this Affidavit, I will supplement this Affidavit.

FURTHER AFFIANT SAYETH NAUGHT.

By: /s/ Tinamarie A. Feil
Tinamarie A. Feil
BMC Group, Inc.

THE STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

This instrument was **SUBSCRIBED AND SWORN TO** before me on May 20, 2010, by Tinamarie A. Feil, to certify which witness my hand and seal of office.

Lorraine M. Modafferi
Notary Public, State of New York
No. 01MO6165518

/s/ Lorraine M. Modafferi
Notary Public – State of New York

Lorraine M. Modafferi
Printed Name of Notary Public

My Commission Expires:
May 7, 2011

Exhibit C
Proposed Order

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**

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New York, New York 10022
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Andrea Fischer, Esq.
Jordanna L. Nadritch, Esq.
212.451.2300

Proposed Counsel to the Debtors

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**ORDER AUTHORIZING RETENTION AND APPOINTMENT
OF BMC GROUP, INC. AS CLAIMS AND NOTICING AGENT
UNDER 28 U.S.C. § 156(c) AND GRANTING RELATED RELIEF**

Upon the annexed application (the “Application”) of Jennifer Convertibles, Inc. and its affiliated debtors, Debtors and Debtors in possession (the “Debtor(s)”), for an order authorizing the retention and appointment of BMC Group, Inc. (“Claims Agent”) as Claims and Noticing Agent, under 28 U.S.C. § 156(c), to, among other things, (i) distribute required notices to parties in interest, (ii) receive, maintain, docket and otherwise administer the proofs of claims filed in the Debtors’ chapter 11 case(s), and (iii) provide such other administrative services that the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

Debtor(s) may require, and upon the affidavit of Tinamarie Feil submitted in support of the Application; and the Debtor(s) having estimated that there are in excess of 3000 creditors and other parties in interest in these chapter 11 cases, many of which are expected to file proofs of claims, and it appearing that the receiving, docketing and maintaining of proofs of claim would be unduly time consuming and burdensome for the Clerk; and the Court being authorized under 28 U.S.C. § 156(c) to utilize, at the Debtors) expense, outside agents and facilities to provide notices to parties in title 11 cases and to receive, docket, maintain, photocopy and transmit proofs of claim; and the Court being satisfied that Claims Agent has the capability and experience to provide such services and that Claims Agent does not hold an interest adverse to the Debtor(s) or estates respecting the matters upon which they are to be engaged; and good and sufficient notice of the Application having been given; and no other or further notice being required; and it appearing that the employment of Claims Agent is in the best interests of the Debtor(s), estates and creditors; and sufficient cause appearing therefor; it is hereby

ORDERED, that the Debtor(s) are authorized to retain Claims Agent effective nun pro tunc to the Petition Date to perform the noticing and other services set forth in the Application and to receive, maintain, record and otherwise administer the proofs of claim filed in these chapter 11 cases; and it is further

ORDERED, that Claims Agent is appointed as Claims and Noticing Agent and, as such, is the custodian of court records and designated as the authorized repository for all proofs of claim filed in these chapter 11 cases and is authorized and directed to maintain official claims registers for each of the Debtors and to provide the Clerk with a certified duplicate thereof upon the request of the Clerk; and it is further

ORDERED, that Claims Agent is authorized and directed to perform all related tasks to process the proofs of claim and maintain a claims register including:

- (a) Notify all potential creditors of the filing of the bankruptcy petitions and of the setting of the date for the first meeting of creditors, pursuant to § 341(a) of the Bankruptcy Code, under the proper provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure;
- (b) Maintain an official copy of the Debtors' schedules of assets and liabilities and statement of financial affairs (collectively, "Schedules"), listing the Debtor(s)' known creditors and the amounts owed thereto;
- (c) Notify all potential creditors of the existence and amount of their respective claims as evidenced by the Debtor(s)' books and records and as set forth in the Schedules;
- (d) Furnish a notice of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court;
- (e) Maintain a post office box for the purpose of receiving claims;
- (f) File with the Clerk an affidavit or certificate of service which includes a copy of the notice, a list of persons to whom it was mailed (in alphabetical order), and the date mailed, within seven (7) days of service;
- (g) Docket all claims received by the clerk's office, maintain the official claims registers (the "Claims Registers") for each Debtor on behalf of the Clerk, and, upon the Clerk's request, provide the Clerk with certified duplicate, unofficial Claims Registers;

- (h) Specify, in the applicable Claims Register, the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, and (iv) the classification(s) of the claim (*e.g.*, secured, unsecured, priority, etc.);
- (i) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e);
- (j) Relocate, by messenger, all of the court-filed proofs of claim to the offices of Claims Agent, not less than weekly;
- (k) Upon completion of the docketing process for all claims received to date for each case, turn over to the Clerk copies of the claims register for the Clerk's review (upon the Clerk's request);
- (l) Make changes in the Claims Registers pursuant to Court Order;
- (m) Maintain the official mailing list for each Debtor of all entities that have filed a proof of claim, which list shall be available upon request by a party-in-interest or the Clerk;
- (n) Assist with, among other things, solicitation and calculation of votes and distribution as required in furtherance of confirmation of a plan(s) of reorganization;
- (o) Thirty (30) days prior to the close of these cases, arrange to have submitted to the Court a proposed Order dismissing the claims and noticing agent and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of these cases;

- (p) File with the Court the final version of the Claims Register immediately before the close of the chapter 11 cases; and
- (q) At the close of the case, box and transport all original documents, in proper format, as provided by the Clerk's Office, to the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064.

ORDERED, that the Debtors)are authorized and directed to obtain a post office box for the receipt of proofs of claim; and it is further

ORDERED, that Claims Agent is authorized to take such other action to comply with all duties set forth in the application; and it is further

ORDERED, that the Debtors)are authorized to compensate Claims Agent on a monthly basis upon the receipt of reasonably detailed invoices setting forth the services provided by Claims Agent in the prior month and the rates charged for each, and to reimburse Claims Agent for all reasonable and necessary expenses it may incur, upon the presentation of appropriate documentation; and it is further

ORDERED, that in the event Claims Agent is unable to provide the services set out in this order; Claims Agent will immediately notify the Clerk and Debtors' attorney and cause to have all original proofs of claim and computer information turned over to another claims and noticing agent with the advice and consent of the Clerk and Debtors' attorney.

Dated: _____, 2010
New York, New York

UNITED STATES BANKRUPTCY JUDGE

NO OBJECTION:
Clerk of the United States Bankruptcy Court
for the Southern District of New York

By: _____
Vito Genna
One Bowling Green
New York, New York 10004-1408

NO OBJECTION:
Office of United States Trustee

By: _____
United States Trustee
33 Whitehall ST, 21st Floor
New York, New York 10004