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Unsecured Creditors of Jennifer Convertibles, Inc., *et al.*

**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)

**MONTHLY STATEMENT OF SERVICES RENDERED AND EXPENSES INCURRED
BY KELLEY DRYE & WARREN LLP, COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS OF JENNIFER CONVERTIBLES, INC.,
ET AL. FOR THE PERIOD FROM OCTOBER 1, 2010 THROUGH
OCTOBER 31, 2010**

In accordance with the Court's order pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) establishing procedures for interim monthly compensation and reimbursement of expenses of professionals (the "Interim Compensation Order"), dated August 10, 2010 (Docket No. 155), Kelley Drye & Warren, LLP ("Kelley Drye"), Counsel to the Official Committee of Unsecured Creditors (the "Committee") of Jennifer Convertibles, Inc., *et al.* (the "Debtors"), hereby submits its monthly statement of services rendered and expenses incurred (the "Statement") for the period October 1, 2010 through and including October 31, 2010

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.

(the “Statement Period”).

I. Itemization of Services Rendered by Kelley Drye Professionals

Name	Title	Law School Graduation Year	Year of Partnership	Total Hours	2010 Hourly Rate	Fees Earned
James S. Carr	Partner	1987	1998	41.0	\$645.00	\$26,445.00
Richard D. Milone	Partner	1990	1999	6.1	\$595.00	\$3,629.50
Michael C. Lynch	Partner	1996	2007	8.4	\$570.00	\$4,788.00
Jason R. Adams	Associate	2000	N/A	62.3	\$485.00	\$30,215.50
Mahmood Ahmad	Associate	2005	N/A	9.0	\$370.00	\$3,330.00
Vikki Bollettino	Associate	2009	N/A	8.8	\$305.00	\$2,684.00
Risa M. Drexler	Associate	2009	N/A	16.9	\$305.00	\$5,154.50
James Nastasi	Resource Assistant	N/A	N/A	.9	\$235.00	\$211.50
TOTAL:				153.4		\$76,458.00

1. Kelley Drye’s time records are itemized by the tenth of the hour and by individual timekeeper. Detailed time records of services rendered by Kelley Drye professionals during the Statement Period are attached hereto as Exhibit A.

II. Itemization of Services Rendered and Disbursements Incurred by Category

2. The following charts itemize services rendered by Kelley Drye professionals by matter and specify expenses incurred by category.

A. Detailed Summary of Services Rendered by Project Category

3. During the Statement Period, Kelley Drye professionals devoted time to the following matters:

Matter	Hours	Fees Earned
General Case Administration	1.0	\$305.00
Retention Matters	1.8	\$905.00
Fee Matters	7.4	\$2,887.00
Asset Disposition	.9	\$580.50
Executory Contracts and Leases	4.4	\$2,032.00
Avoidance Actions	56.0	\$24,294.50
Claims	1.3	\$558.50

Disclosure Statement and Plan of Reorganization	53.4	\$29,591.50
Committee Communications	26.1	\$14,770.50
Business Operations	1.1	\$533.50
TOTAL:	153.4	\$76,458.00

4. To assist in the review of the fees sought, Kelley Drye has divided its time entries into the project categories set forth below. Exhibit A identifies the attorneys who have rendered services in each category, along with the number of hours for each individual and the total compensation sought for each category.

General Case Administration (Fees: \$305.00 and Total Hours: 1.0)

5. This category represents time spent on general and administrative matters arising in this case, including time spent conducting a general review of pleadings and maintaining a case calendar and a list of critical dates.

Retention Matters (Fees: \$905.00 and Total Hours: 1.8)

6. This category represents time spent reviewing and providing comments to the Debtors' Application to Employ KGS LLP as Tax Professionals.

Fee Matters (Fees: \$2,887.00 and Total Hours: 7.4)

7. This category represents time spent preparing and filing a monthly fee statement for September 2010.

Asset Disposition (Fees: \$580.50 and Total Hours: .9)

8. Time in this category was spent communicating with counsel for an entity that expressed an interest in conducting due diligence to determine if it wants to purchase the Debtors' assets.

Executory Contracts and Leases (Fees: \$2,032.00 and Total Hours: 4.4)

9. This category represents time spent reviewing and analyzing the Debtors' notices to reject unexpired non-residential real property leases and addressing landlord inquiries. Time in this category was also spent reviewing and providing comments to the Debtors' stipulation with Hannington LP resolving a dispute for post-petition rental obligations.

Avoidance Actions (Fees: \$24,294.50 and Total Hours: 56.0)

10. This category represents time spent reviewing potential avoidance actions and conferring with the Debtors and their professionals to obtain information regarding such actions. Time in this category was also spent reviewing and analyzing the Debtors' public filings and insurance policies to determine coverage.

Claims (Fees: \$558.50 and Total Hours: 1.3)

11. Time spent in this category was devoted to addressing inquiries from creditors regarding filing requirements for proofs of claim. This category also includes time spent conferring with Debtors' counsel regarding potential objections to claims.

Disclosure Statement and Plan of Reorganization (Fees: \$29,591.50 and Total Hours: 53.4)

12. This category includes time spent negotiating with the Debtors' primary supplier, Haining Mengnu Group Co. Ltd., regarding the terms of a plan of reorganization for the Debtors. Time spent in this category was also devoted to addressing various litigation trust issues.

Committee Communications (Fees: \$14,770.50 and Total Hours: 26.1)

13. This category represents time spent communicating with Committee members regarding the Debtors' business operations, the terms of a proposed plan of reorganization for the Debtors and the status of the Debtors' cases. This category also includes time spent preparing for and conducting weekly Committee conference calls.

Business Operations (Fees: \$533.50 and Total Hours: 1.1)

14. This category represents time spent reviewing and analyzing the sixth stipulation between the Debtors and Merrick Bank regarding the Debtors' chargeback reserve account. This category also includes conferences with the Committee's financial advisor regarding the Debtors' business operations.

B. Expenses Incurred

15. The total expenses incurred by Kelley Drye during the Statement Period were as follows:

<u>Expenses</u>	<u>Amount</u>
Duplication	\$42.60
Long Distance Telephone/Conference Calls	\$176.75
Lexis Research	\$269.46
TOTAL:	\$488.81

IV. Total Amounts Fees and Expenses Sought for the Statement Period

A. Total Fees and Expenses:

16. The total amount of fees and expenses that Kelley Drye seeks herein are as follows:

Fees	\$76,458.00
Expenses	\$488.81
TOTAL:	\$76,946.81

B. Amount Payable After Holdback

17. The fees earned for this Statement Period totaled \$76,458.00 for 153.4 hours of services performed. Pursuant to the Interim Compensation Order, the fees payable to Kelley Drye for the Statement Period, after adjustment for the 20% holdback, are \$61,166.40.

18. The total expenses incurred during the Statement Period are \$488.81.

19. Accordingly, Kelley Drye requests payment for the Statement Period in the total amount of \$61,655.21, which includes \$61,166.40 of fees (80% of total fees) and \$488.81 of expenses (100%).

20. Kelley Drye respectfully requests that such amounts be paid in accordance with the Interim Compensation Order.

Dated: New York, New York
November 15, 2010

KELLEY DRYE & WARREN LLP

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EXHIBIT A – DETAILED TIME AND EXPENSE RECORDS

[Exhibit A was provided to the Debtors, Debtors' Counsel
and the Office of the United States Trustee]