

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND EXPENSES INCURRED BY KGS LLP, TAX PROFESSIONALS FOR
THE DEBTORS AND DEBTORS IN POSSESSION,
FOR THE PERIOD FROM NOVEMBER 9, 2010 THROUGH FEBRUARY 22, 2011**

Name of Applicant:	KGS LLP
Authorized to provide professional services to:	The above-captioned debtors and debtors in possession
Date of retention:	November 9, 2010
Period for which compensation and reimbursement are sought:	November 9, 2010 to February 22, 2011
Fees sought for compensation period:	\$53,440.10
Expenses sought for compensation period:	\$0
Total compensation sought:	\$53,440.10
Total compensation and reimbursement previously paid:	\$40,847.60
Net Unpaid:	\$12,592.50

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).

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In re:

JENNIFER CONVERTIBLES, INC.,²

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED BY KGS LLP, TAX ADVISORS
FOR THE DEBTORS AND DEBTORS IN POSSESSION,
FOR THE PERIOD FROM NOVEMBER 9, 2010 THROUGH FEBRUARY 22, 2011**

KGS LLP (“KGS”), as tax professionals for Jennifer Convertibles, Inc. and its affiliated debtors (the “Debtors,” and, on and after the effective date of the Debtors’ plan of reorganization, the “Reorganized Debtors”), as debtors in possession, hereby submits its final application for allowance of compensation pursuant to (i) Sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”); (ii) Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); (iii) Administrative Order M-389, Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (the “Amended Guidelines”); (iv) the Court’s order pursuant to Bankruptcy Code sections 105(a) and 331 and Bankruptcy Rule 2016(a), establishing procedures for interim monthly compensation and reimbursement of expenses of professionals, dated August 10, 2010, (Docket No. 155) (the “Interim Compensation Order”); (v) the guidelines promulgated by the Office of the United States Trustee applicable to the Application for compensation and reimbursement of

² 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).

expenses (the “U.S. Trustee Guidelines”); (vi) the Court’s Order Authorizing the Debtors to Employ KGS LLP as Tax Professionals Utilized in the Ordinary Course of Business (Docket No. 326) (the “Retention Order”); and (vii) Findings of Fact and Conclusions of Law and Order Signed on 2/8/2011 Confirming the Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and its Affiliated Debtors, dated February 9, 2011 (Docket No. 491) (the “Confirmation Order”), seeking entry of an Order granting allowance of fees for professional services rendered as financial advisor to the Debtors during the period of November 9, 2010 through and including February 22, 2011 (the “Compensation Period”).

INTRODUCTION

1. This is KGS’ final application for allowance and payment of compensation for professional services (the “Application”). This Application requests compensation for certain tax services rendered by KGS on behalf of the Debtors during the period of November 9, 2010 through February 22, 2011 (the “Compensation Period”) in connection with the rendering of these services. Specifically, KGS seeks the approval and allowance of compensation in the amount of \$53,440.10 representing the fees for KGS’ actual time charges for 268.35 hours of professional services rendered, all as more fully set forth below. Approval and allowance of this amount is fully warranted in light of the actual and necessary services rendered to the Debtors by KGS as described in this Application.

2. To date, the Debtors have paid KGS a total of \$40,847.60 in fees incurred during the Compensation Period. By this Application, KGS hereby submits its application for first interim and final allowance and payment of 100% of the fees for professional services rendered by KGS to the Debtors during the Compensation Period in connection with, the rendering of such professional services.

JURISDICTION AND VENUE

3. The Court has jurisdiction over this Application under 28 U.S.C. §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2).

BACKGROUND

A. The Bankruptcy Cases

4. 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 have continued in possession of their property and continue to operate and manage their businesses as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner in these chapter 11 cases.

5. Jennifer Convertibles, Inc. was organized as a Delaware corporation in 1986 and, as of the Petition Date, was the owner of (i) the largest group of sofa-bed 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.

B. The Retention of KGS

6. On October 19, 2010, the Debtors filed their Application to Employ KGS as Tax Professionals (Docket No. 294) (the “Retention Application”), attached hereto as Exhibit “A”, seeking authorization to retain KGS as the Debtors’ tax professionals. The Retention Application estimates that fees for KGS during the course of the bankruptcy will be approximately \$85,000 (the “Estimated Fee”), as stipulated as terms of the KGS engagement

letter dated October 10, 2010 (the “Engagement Letter”), attached hereto as Exhibit “B”. Under the terms of the Engagement Letter, KGS is entitled to reimbursement of out-of-pocket expenses incurred in connection with these cases. On November 3, 2010, the Debtors filed the Supplemental Affidavit in Support of Employment of KGS LLP as a Professional Utilized in the Ordinary Course of Business (Docket No. 313).

7. Pursuant to the Retention Order, attached hereto as Exhibit “C”, the Court granted the Retention Application and approved the retention of KGS.

8. The Retention Application provided and the Retention Order authorized KGS to provide various professional services, including but not limited to the following:

- Prepare the federal, state and city income tax returns, personal property returns and annual reports, where required, for the Debtors;
- Propose any bookkeeping and adjusted entries KGS finds necessary in connection with the preparation of the income tax returns; and
- Prepare the necessary income tax accrual work papers for the annual financial statement to be included in the 10K filing.

9. Pursuant to the Retention Order, in consideration for services provided to the Debtors, the Debtors were authorized, subject to final approval of the Court, to pay KGS in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the Southern District of New York, the Interim Compensation Order, the U.S. Trustee Guidelines, and the Amended Guidelines.

C. **The Debtors’ Restructuring and Confirmation of the Amended Plan**

10. On November 19, 2010, the Debtors filed the Debtors Emergency Motion For Entry Of An Order Authorizing The Debtors To Enter Into A DIP Credit Agreement (Docket No. 335) (the “DIP Motion”), seeking authorization of the Bankruptcy Court to enter into a DIP financing arrangement (the “DIP Financing”) with Mengnu. The Court approved the requested

relief on an interim basis on December 1, 2010, and entered the Final Order Authorizing Debtors to Enter into a DIP Credit Agreement on December 21, 2010 (Docket No. 394).

11. Also on November 19, 2010, the Debtors filed the Joint Chapter 11 Plan Of Reorganization For Jennifer Convertibles, Inc. and Its Affiliated Debtors. Subsequently, on December 17, 2010, the Debtors filed the Amended Joint Chapter 11 Plan Of Reorganization For Jennifer Convertibles, Inc. and Its Affiliated Debtors (the “Amended Plan”) and the Disclosure Statement Regarding the Amended Plan (the “Disclosure Statement”).

12. On February 9, 2011, the Bankruptcy Court entered the Confirmation Order. Pursuant to Section 4.02(a)(4) of the Amended Plan and paragraph 29 of the Confirmation Order, all final requests for payment of Fee Claims (as defined therein), incurred during the period from the Petition Date through the Effective Date (as defined therein), are required to be filed with the Bankruptcy Court within sixty days after the Effective Date or such other date as may be fixed by the Bankruptcy Court and served on the Debtors, their counsel, the United States Trustee, and counsel to the Creditors Committee. *See* Amended Plan § 4.02(a)(4); Confirmation Order ¶ 29. The Amended Plan and the Confirmation Order further provide that, subject to written engagement agreements with the Reorganized Debtors, the amount of any reasonable fees and expenses incurred by any professional in connection with implementation of the Amended Plan shall be paid in cash by the Reorganized Debtors. *See* Amended Plan § 4.02(a)(4); Confirmation Order ¶ 30.

SERVICES RENDERED

13. Since the beginning of November, 2010, KGS has rendered professional services to the Debtors as requested and as necessary and appropriate. During the Compensation Period, KGS provided a wide variety of tax advisory services for the Debtors, as noted below.

14. All services for which compensation is sought were performed for and on behalf of the Debtors. KGS has not entered into any agreement, express or implied, with any party in interest for the purpose of fixing or sharing fees or other compensation to be paid for professional services rendered in these cases.

15. Senior level professionals with extensive experience in the area of tax advisory services have directed KGS's team. The services described in this Application were performed primarily by Mitchell Kahn and Michael Baram, as well as other professionals and paraprofessionals, as needed. Throughout the Compensation Period, KGS allocated significant resources to this case. Each KGS professional assigned to this engagement as well as other administrative personnel within KGS dedicated significant time to this assignment.

16. In connection with its work pursuant to the Engagement Letter, KGS performed various services at the request or direction of the Debtors and/or the Debtors' counsel, the legal professionals of Olshan Grundman Frome Rosenzweig & Wolosky LLP ("Olshan"). KGS has provided a broad range of necessary tax advisory services to the Debtors. Major areas of efforts can be summarized into the following general categories and sub-categories (collectively, the "Services"):

- Preparing the federal, state and city income tax returns, personal property returns and annual reports, where required, for the Debtors;
- Proposing any bookkeeping and adjusted entries KGS finds necessary in connection with the preparation of the income tax returns;
- Preparing the necessary income tax accrual work papers for the annual financial statement to be included in the 10K filing;
- Understanding reorganization and/or restructuring alternatives the Debtors evaluated with their existing creditors, that may result in a change in the equity, capitalization and/or ownership of the shares of the Debtors or their assets;
- Assisting and advising the Debtors in developing an understanding of the tax implications of their bankruptcy restructuring alternatives and post-bankruptcy

operations including, as needed research and analysis of Internal Revenue Code sections, Treasury regulations, case law and other relevant tax authority;

- Tax advisory services regarding availability, limitations and preservation of tax attributes, such as net operating losses and alternative minimum tax credits, assistance with tax issues arising in the ordinary course of business while in bankruptcy, such as ongoing assistance with IRS and/or state and local tax examinations, and, as needed, research, discussions and analysis of federal and state and local income and franchise tax issues arising during the bankruptcy period; and
- Documentation, as appropriate or necessary, of tax analysis, opinions, recommendations, conclusions and correspondence for any proposed restructuring alternative, bankruptcy tax issue or other tax matter described above.

TERMS OF KGS' COMPENSATION

17. Monthly Fees and Expenses. The Retention Order authorized the payment of KGS' monthly fees and reimbursement of KGS' expenses pursuant to the terms of the Engagement Letter. Pursuant to the Engagement Letter, in payment for the services provided by KGS to the Debtors, the Debtors agreed to pay KGS, subject to the final approval of the Bankruptcy Court, an estimated total fee of \$85,000.

REQUEST FOR COMPENSATION FOR COMPENSATION PERIOD

18. By this Application, KGS seeks entry of an order (i) granting, on a final basis, allowance and award of compensation for the professional services rendered by it as tax professionals to the Debtors during the Compensation Period, consisting of fees in the total amount of \$53,440.10; and (ii) authorizing and directing the Debtors to make payment in respect of all unpaid fees.

19. Attached hereto as Exhibit "D" is a schedule of total compensation for which KGS is seeking payment, as well as the total compensation previously paid and the total compensation outstanding.

20. The fees charged by KGS during the Compensation Period have been billed in accordance with the Retention Order and the Engagement Letter. The fees that KGS is charging for the Services rendered by its professionals in these cases are comparable to the fees charged by KGS for professional services rendered in comparable, non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by similarly skilled practitioners in comparable non-bankruptcy cases in the competitive national financial advisory market.

21. Although the Retention Order did not require KGS to maintain time records, KGS kept a basic log of the time each of the primary members of the transaction team, as listed above, dedicated to these cases, which is attached hereto as Exhibit “E”. KGS’ policy, for all engagements in or out of bankruptcy, is to dedicate the appropriate number of professionals to the assignment to complete the work as efficiently as possible.

22. Attached hereto as Exhibit “F” is the certification of Mitchell Kahn in support of this Application.

23. Attached hereto as Exhibit “G” is the proposed order granting the relief requested herein.

BASIS FOR REQUEST FOR COMPENSATION

A. The Requested Compensation Should be Allowed

24. Section 330 of the Bankruptcy Code governs the compensation of professionals employed by the debtor or an approved committee and provides that “the court may award...reasonable compensation for actual, necessary services rendered by the...professional person...and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a)(1). Section 330 also sets forth the following factors in determining the reasonableness of the compensation sought for the services provided:

- the time spent on such services;
- the rates charged for such services;
- whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

25. KGS submits that the Services for which it seeks compensation in this Application were necessary and beneficial to the Debtors' estates. KGS submits that it played an integral role in assisting the Debtors in these chapter 11 cases. Further, KGS respectfully submits that the Services rendered to the Debtors were performed effectively, efficiently and economically and that the results obtained have benefitted all stakeholders in these cases. KGS further submits that the compensation requested for Services rendered by KGS to the Debtors during the Compensation Period is fully justified and reasonable based on the following: (a) the degree of activity during the Compensation Period and the high level of services rendered by KGS to the Debtors; (b) the complexity of the issues presented; (c) the skills necessary to perform the tax advisory services properly; (d) the preclusion of other employment; (e) customary fees charged in non-bankruptcy situations for similar services rendered; (f) time constraints required by the exigencies of the cases; and (g) the experience, reputation and ability of the professionals rendering services.

CONCLUSION

26. In sum, the Services KGS has rendered have been necessary and beneficial and were performed in a timely manner commensurate with the complexity, importance and nature of the issues involved. Accordingly, KGS respectfully requests for the Court to approve the compensation requested herein.

NOTICE

27. This Application, with exhibits, has been provided to (i) the Court; (ii) the Debtors; (iii) counsel to the Debtors; (iv) counsel to the Official Committee of Unsecured Creditors; and (iv) the Office of the United States Trustee. Notice of this Application has been provided to all parties that have filed a notice of appearance in the Debtors' case and all other parties entitled to notice. In light of the relief requested, KGS submits that no other or further notice is necessary.

WHEREFORE, KGS respectfully requests that the Court enter an Order (i) allowing and awarding the requested compensation of \$53,440.10 for the Compensation Period; and (ii) granting such other and further relief as is just and equitable, for all of which no other application has been made to this or any other Court.

Dated: New York, New York
April 4, 2011

KGS LLP

By: /s/ Mitchell Kahn
MITCHELL KAHN
125 Jericho Turnpike, Suite 300
Jericho, New York 11753
Telephone: (516) 997-7500
Fax: (516) 997-3480

EXHIBIT A

Retention Application

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**

Park Avenue Tower
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New York, New York 10022
Michael S. Fox, Esq.
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212.451.2300

**Presentment Date: Nov. 9, 2010 at 10:00 a.m.
Objection Deadline: Nov. 2, 2010 at 4:00 p.m.**

Counsel for the Debtors and Debtors in Possession

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**DEBTORS' APPLICATION TO EMPLOY AND RETAIN KGS LLP
AS TAX PROFESSIONALS FOR THE DEBTORS AND
DEBTORS IN POSSESSION PURSUANT
TO SECTIONS 327(a), 330, 331 AND 1107(b) OF THE BANKRUPTCY CODE**

Jennifer Convertibles, Inc. ("Jennifer Convertibles") and its affiliated debtors, as debtors in possession (together, the "Debtors"), hereby apply to this Court (the "Application") for entry of an order pursuant to sections 327(a), 330, 331 and 1107(b) of title 11 of the Bankruptcy Code, Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Rules of the Bankruptcy Court of the Southern District of New York (the

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“Local Rules”), authorizing the Debtors to retain and employ KGS LLP (“KGS”), as their tax professionals (the “Application”). In support of the Application, the Debtors rely upon and incorporate by reference the Affidavit of Mitchell Kahn (the “Kahn Affidavit”), annexed hereto as Exhibit B. In support of this Application, the Debtors respectfully state as follows:

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. An Official Committee of Unsecured Creditors was appointed in these chapter 11 cases on July 23, 2010.

2. On September 3, 2010, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs. On September 15, 2010, the meeting of creditors pursuant to section 341 of the Bankruptcy Code was held.

3. 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.

4. As of the Petition Date, the Debtors’ stores included 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 employed 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. 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 Applications (the "Abada Declaration") filed on July 19, 2010 and incorporated herein by reference.

Jurisdiction

7. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The statutory predicates for the relief requested herein are sections 105(a), 327(a) and 330 of title 11 of the United States Code (the "Bankruptcy Code").

Relief Requested

9. By this Application, the Debtors request entry of an order, pursuant to sections 327(a), 330, 331 and 1107(b) of the Bankruptcy Code, Rule 2014 of the Bankruptcy Rules and Local Rule 2014-1, authorizing the employment and retention of KGS as tax professionals for the Debtors, pursuant to terms of an engagement letter, dated as of October 10, 2010 (the "Engagement Letter"), a copy of which is annexed hereto as Exhibit A. It is proposed that KGS will provide assistance with the Debtors' 2010 tax returns.

10. The Debtors request that they be permitted to employ and retain KGS on terms substantially similar to those in effect prior to the Petition Date, but subject to the limitations described herein. The Debtors represent that: (a) they desire to employ KGS as necessary for the Debtors' operations and to be able to properly complete their 2010 tax returns; (b) the expenses

for KGS will be kept to a minimum; and (c) KGS will not perform substantial services relating to bankruptcy matters without permission of this Court.

QUALIFICATIONS AND SERVICES

11. The Debtors seek authority to continue to employ and retain KGS as an ordinary course professional, to render taxation-related services to the Debtors. The Debtors have selected KGS as their tax professionals because of KGS' diverse experience and extensive knowledge in the fields of accounting and taxation. In addition, KGS has provided taxation-related services to the Debtors prepetition for ten (10) years. By virtue of its prepetition engagement by the Debtors, KGS is familiar with the books, records, financial information and other data maintained by the Debtors and is well-qualified to continue to provide taxation-related services to the Debtors. Therefore, retaining KGS is an efficient and cost effective manner in which the Debtors may obtain the requisite services, and such retention is reasonable and in the best interests of the estates.

Services to be Rendered

12. If this Application is approved, KGS will continue to provide taxation-related services to the Debtors. KGS professionals, including Mitchell Kahn, who will lead the KGS team, will work closely with the Debtors' management and other professionals throughout these cases. The professional services that KGS will render to the Debtors may include, without limitation, the following:

- a. Prepare the federal, state and city income tax returns, personal property returns and annual reports, where required, for the Debtors;²
- b. Propose any bookkeeping and adjusted entries KGS finds necessary in connection with the preparation of the income tax returns; and

² In addition to the affiliated debtor entities, Jennifer Convertibles has five non-debtor entities that do not hold any assets or liabilities. KGS will be filing tax returns for these entities, as set forth on Exhibit A to the Engagement Letter.

- c. Prepare the necessary income tax accrual work papers for the annual financial statement to be included in the 10K filing.

13. Such professional services are necessary to ensure that the Debtors make their required filings with the taxing authorities during the bankruptcy process.

14. The Debtors submit that the retention of KGS and the payment of KGS' compensation on the basis set forth herein is reasonable and in the best interests of the Debtors, their estates, creditors, and other parties in interest. As set forth above, KGS has previously worked with the Debtors and has gained considerable expertise and background knowledge in that time. If the Debtors are forced to retain alternate tax professionals, the estates undoubtedly would incur additional and unnecessary expenses. It is therefore in the best interests of the Debtors' estates to avoid any disruption in the professional services required in the operation of their businesses.

Compensation

15. The Debtors have been mindful of the need to minimize expenses related to professionals given the precarious nature of their finances. Accordingly, the Debtors have carefully determined that the services of KGS are absolutely critical for the operation of the Debtors' business. The Debtors are required by law to comply with the relevant tax laws, and KGS' professional services are necessary to ensure that the Debtors make necessary filings with the taxing authorities during the bankruptcy process. Thus KGS' services are vital to the Debtors' continuing operations.

16. The Debtors therefore propose that KGS will file interim and final fee applications for allowance of its compensation and expenses and shall be subject to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York,

dated November 25, 2009 (the “Amended Fee Guidelines”), and the United States Trustee Fee Guidelines (collectively, the “Fee Guidelines”). In addition, KGS will be reimbursed only for reasonable and necessary expenses as provided by the Fee Guidelines.

17. Pursuant to the terms of the Engagement Letter, KGS estimates that fees for the audit of the Debtors financial statements will be approximately \$85,000.

18. The Debtors believe that the fees and compensation of KGS and the terms of the engagement are fair and reasonable in light of industry practice, market rates both in and out of chapter 11 proceedings, KGS’ experience in reorganizations and the scope of work to be performed pursuant to its retention.

19. In connection with these cases, the Debtors have retained (a) Olshan Grundman Frome Rosenzweig & Wolosky LLP as general counsel, (b) TM Capital Corp. to provide financial advisor services, (c) KPMG CF Realty LLC as special real estate advisor, (d) EisnerAmper LLP as auditor, and (e) BMC Group, Inc. as claims and noticing agent. Each of these firms will work under the direction of the Debtors’ management. KGS is prepared to work closely with each of the Debtors’ professionals to ensure that there is no unnecessary duplication of effort or cost.

Disclosure of Disinterestedness

20. As further described in the Kahn Affidavit, attached hereto as Exhibit B, the Debtors believe that: (a) KGS has no connection with the Debtors, their creditors, the U.S. Trustee, any person employed in the Office of the U.S. Trustee or any other party with an actual or potential interest in these chapter 11 cases or their respective attorneys or accountants; (b) KGS is not a creditor, equity security holder or insider of the Debtors; (c) KGS is not and was not, within two years of the Petition Date, a director, officer or employee of the Debtors; and (d) KGS does not have an interest materially adverse to the interest of the estate or of any class of

creditors or equity security holders, by reason of any direct or indirect relationship to, connection with or interest in, the Debtors or for any other reason.

21. Accordingly, based on the Kahn Affidavit, the Debtors believe that KGS (a) does not hold or represent any interest adverse to the Debtors or their estates, and (b) is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code. Moreover, the Debtors believe that employment of KGS is necessary and in the best interests of the Debtors and their estates.

22. As set forth in the Kahn Affidavit, the Debtors do not owe KGS any amounts for professional services rendered prior to the Petition Date.

Basis For Relief

23. Pursuant to section 327(a) of the Bankruptcy Code, a debtor “may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the [debtor’s] duties” 11 U.S.C. § 327(a).

24. Section 101(14) of the Bankruptcy Code defines “disinterested person” as a person that:

- a. is not a creditor, an equity security holder, or an insider;
- b. is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
- c. does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

25. Bankruptcy Rule 2014 provides, in relevant part, as follows:

An order approving the employment of attorneys, accountants, appraisers, auctioneers, agents, or other professionals pursuant to § 327 . . . of the Code shall be

made only on application of the trustee or committee.

Fed R. Bankr. P. 2014.

26. Local Rule 2014-1 provides, in relevant part, as follows:

An application for the employment of a professional person pursuant to §§ 327 and 328 of the Bankruptcy Code shall state the specific facts showing the reasonableness of the terms and conditions of the employment, including the terms of any retainer, hourly fee or contingent fee arrangement.

S.D.N.Y. LBR 2014-1.

27. As set forth above, KGS has considerable expertise and background knowledge of the Debtors' businesses. Forcing the Debtors to retain alternate tax professionals would incur additional and unnecessary expenses. As such, the Debtors believe retention of KGS as their tax professionals is in the best interests of the Debtors, their estates, creditors, and other parties in interest. The Debtors believe it is essential that the employment of KGS be continued to avoid disruption of the Debtors' normal business operations, since without KGS the Debtors will not be able to complete their 2010 tax returns.

28. The Debtors therefore submit that the proposed employment of KGS and the payment of compensation on the basis set forth herein are both reasonable and in the best interest of their estates and creditors. Accordingly, the Debtors respectfully request that the relief sought herein is granted.

Notice

29. Notice of this Application has been provided to: (i) Office of the United States Trustee for the Southern District of New York; (ii) counsel to the Official Committee of Unsecured Creditors; (iii) the SEC; and (iv) any other party directly affected by this Application. The Debtors submit that such notice is sufficient under the circumstances.

No Previous Request

30. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: New York, New York
October 19, 2010

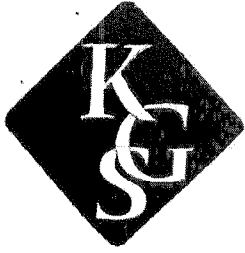
OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP

By: /s/ Michael S. Fox
Michael S. Fox
Jordanna L. Nadritch
Jayme M. Bethel
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

*Counsel for the Debtors and Debtors in
Possession*

EXHIBIT B

Engagement Letter



KGS LLP
Certified Public Accountants

125 Jericho Turnpike, Suite 300
Jericho, NY 11753-1024
(516) 997-7500 Fax: (516) 997-3480
Email: info@kgsllp.com

October 10, 2010

Mr. Joseph Schillero
Controller
Jennifer Convertibles, Inc. and Subsidiaries
417 Crossways Park Drive
Woodbury, New York 11797

RE: Engagement of KGS LLP

Dear Mr. Schillero:

This letter is to confirm and specify the terms of our tax engagement with Jennifer Convertibles, Inc. and Subsidiaries for the year ended August 28, 2010 and to clarify the nature and extent of the tax services we will provide.

Our engagement is limited to performing the following services:

1. Prepare the federal, state and city income tax returns, personal property returns and annual reports, where required, for the companies listed on the attached Exhibit A. We are not responsible for returns not on the list.
2. Propose to you any bookkeeping and adjusting entries that we find necessary in connection with the preparation of the income tax returns.
3. Prepare the necessary income tax accrual work papers for the annual financial statement to be included in the 10K filing.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the returns. You also have the final

responsibility for the tax return and therefore, the appropriate officials should review the returns carefully before an authorized officer signs and files them.

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the bookkeeping and tax services we provide; and for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our work in connection with the preparation of the tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

The Firm may from time to time, and depending on the circumstances, use third-party service providers to assist in preparing your return, but these preparers will not make substantive decisions concerning your return. We may share your tax return information with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the Firm will remain responsible for the work provided by any such third-party service providers. However, we will not disclose any tax return information to third parties without your express written consent.

In accordance with federal law, in no case will we disclose your tax return information to any location outside the United States, to another tax return preparer outside of our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare your return without first receiving your consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have a right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

It is our policy to keep records related to this engagement for three years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies. By signing this engagement letter, you agree that upon the expiration of the three year period, we are free to destroy our records related to this engagement.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication; you agree to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

The returns may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax returns.

Our fees for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the level of the personnel assigned. You will also be billed for travel and other out-of-pocket costs as incurred. Our invoices for these fees will be rendered as the work progresses, and are due and payable upon presentation. In accordance with our Firm policies, should any invoice remain unpaid for more than thirty days after its due date we reserve the right to defer providing any additional services until all outstanding invoices are paid in full. A late charge of 1 1/2 % per month may be added to all unpaid balances after thirty days after its due date. You agree that we are not responsible for the impact on the Company of any delay that results from such non-payment by you.

As a result of our planning process, we believe that the above described professional services can be completed for an estimated fee of \$85,000. The estimate of our fees is based on certain assumptions, including the required assistance described above. Our fee estimate may be significantly affected and additional fees may be necessary if the required assistance is not provided in a timely manner or the assumptions are not met. Additional services provided beyond the described scope of services will be billed separately.

We have the right to withdraw from this engagement, in our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

Jennifer Convertibles, Inc. and Subsidiaries
October 10, 2010
Page 5

Agreement

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force.

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the Company and that no other person or entity shall be authorized to enforce the terms of this engagement.

If you agree with the terms of our engagement, as described in this letter, please sign the two enclosed letters and return both of them to us and we will send you an executed original.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

KGS LLP



Mitchell Kahn

ACCEPTED

This letter correctly sets forth the agreement of Jennifer Convertibles, Inc. and Subsidiaries.

Officer's signature: _____

Title: _____

Date signed: _____

Exhibit A

Preparation of federal, state and city income tax returns, where required, and any required personal property returns and annual reports for the following list of entities:

- 1 Jennifer Convertibles Boylston MA, Inc.
- 2 Jennifer Chicago Ltd.
- 3 Elegant Living Management, Ltd.
- 4 Jennifer Acquisition Corp.
- 5 Jamaica Avenue Convertibles, Inc.
- 6 Jennifer Management III Corp.
- 7 Jennifer Media Corp.
- 8 Jennifer Purchasing Corp.
- 9 Jennifer Convertibles Licensing Corp.
- 10 Jennifer Management II Corp.
- 11 Jennifer Management V Corp.
- 12 Natick Convertibles, Inc.
- 13 Nicole Convertibles, Inc.
- 14 Nicholson Lane Convertibles, Inc.
- 15 Valley Stream Convertibles, Inc.
- 16 Washington Heights Convertibles, Inc
- 17 Hartsdale Convertibles, Inc.

EXHIBIT C

Retention Order

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**REVISED ORDER AUTHORIZING DEBTORS TO EMPLOY KGS LLP AS TAX
PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS
PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 327(a) AND 330**

Upon the Application, dated October 19, 2010 (the “Application”)² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), for entry of an order pursuant to sections 327(a), 330, 331 and 1107(b) of title 11 of the Bankruptcy Code, Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Rules of the Bankruptcy Court of the Southern District of New York (the “Local Rules”), authorizing the Debtors to retain and employ KGS LLP (“KGS”), as their tax professionals, effective as of the date hereof; and upon consideration of the supplemental Affidavit of Mitchell Kahn in support of employment of KGS LLP as a professional utilized in the ordinary course of business (the “Supplemental Affidavit”); and consideration of the Application and the Supplemental Affidavit and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having jurisdiction to consider the Application and the Supplemental Affidavit and the relief requested therein pursuant

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).

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

to 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application and the Supplemental Affidavit having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Application and the Supplemental Affidavit (the "Hearing"); and the appearances of all interested parties having been noted in the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Application and the Supplemental Affidavit establish just cause for the relief granted herein; and it appearing that the relief requested in the Application and the Supplemental Affidavit is in the best interests of the Debtors, their estates, creditors, and parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. To the extent provided herein, the Application is GRANTED.
2. Pursuant to sections 327(a), 330, 331 and 1107(b) of the Bankruptcy Code, the Debtors hereby are authorized to retain KGS as their tax professionals in these chapter 11 cases effective as of the date hereof, in accordance with the terms and conditions set forth in the Application and the Supplemental Affidavit and this Order, provided, however, that to the extent that the Application, Supplemental Affidavit, and the Engagement Letter are inconsistent with this Order, the terms of this Order shall govern.
3. KGS is authorized to perform the services set forth in the Application and the Supplemental Affidavit. In the event that the Debtors elect to retain KGS for the performance of

any other permitted non-taxation related services, and KGS agrees to such retention, such non-taxation related services and the terms of their provision by KGS shall be set forth in a separate engagement letter, and a supplemental employment application with respect to such non-taxation related services shall be filed with the Bankruptcy Court.

4. Except as otherwise set forth herein, KGS shall be compensated in accordance with and will file interim and final fee applications for allowance of its compensation and expenses and shall be subject to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Order of this Court entered on August 10, 2010 establishing procedures for interim monthly compensation and reimbursement of expenses of professionals (docket no. 155), the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York, dated November 25, 2009 (the "Amended Fee Guidelines"), and the United States Trustee Fee Guidelines (collectively, the "Fee Guidelines").

5. KGS shall be reimbursed only for reasonable and necessary expenses as provided by the Fee Guidelines.

6. The Debtors shall give proper notice to the United States Trustee for the Southern District of New York, this Court, and the Official Committee of Unsecured Creditors if there are any increases in KGS' billing rates.

7. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. This Court shall retain jurisdiction to resolve all matters relating to implementation of this Order.

Dated: November 9, 2010
New York, New York

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT D

Compensation Schedule

TOTAL COMPENSATION REQUESTED:

<u>Billing Period</u>	<u>Total Fees Due</u>
11/1/2010 - 11/30/2010	\$22,750.10
12/1/2010 - 12/31/2010	\$18,097.50
01/1/2011 - 01/31/2011	\$10,450.00
02/1/2011 - 02/22/2011	\$2,142.50
TOTAL DUE:	\$53,440.10

PAYMENTS MADE:

<u>Date Paid</u>	<u>Total Fees Due</u>
02/7/2011	\$22,750.10
02/24/2011	\$18,097.50
TOTAL DUE:	\$40,847.60
TOTAL AMOUNT OUTSTANDING:	\$12,592.50

EXHIBIT E

Time Records

JEN03 JENNIFER CONVERTIBLE
JENNIFER CONVERTIBLE

417 CROSSWAYS PARK DRIVE
 WOODBURY, NY 11797
 Phone (Business): () 496-1900
 E-mail:

Office: NY
 Partner: JMK

JEN03	JENNIFER CONVERTIBLE							
Engagement	Project	Staff	Activity	Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount Std?
STANDARD		999	E910	01/31/11		Exp: 0.00/unit	1.00	13.34 Dwn
STANDARD		999	E910	01/31/11		Exp: 0.00/unit	1.00	20.48 Dwn
							2.00	33.82

GOODMAN BARBARA

49		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
35		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
EQ		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
03		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
56		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
22		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
17		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
17		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
34		BG	570	01/04/11		Time: 45.00/hr	0.25	11.24 Dwn
CD		BG	570	01/06/11		Time: 45.00/hr	0.50	22.49 Dwn
55		BG	570	01/06/11	E FILE	Time: 45.00/hr	0.25	11.24 Dwn
CF		BG	570	01/06/11		Time: 45.00/hr	0.25	11.24 Dwn
01		BG	570	01/06/11		Time: 45.00/hr	0.25	11.24 Dwn
GOODMAN BARBARA Totals							3.50	157.37

HELAYNE STOOPAK

STANDARD		HS	685	11/18/10	Te Mitch Kahn re: NOLs in bankruptcy	Time: 750.00/hr	0.30	193.05 Std
STANDARD		HS	685	11/27/10	Begin memo re: NOLS/Bankruptcy (Jennifer Convertibles)	Time: 750.00/hr	2.30	1,480.05 Std
STANDARD		HS	510	11/29/10	timing of deductions after bankruptcy filing, research 10/05/10	Time: 750.00/hr	1.50	965.25 Std
HELAYNE STOOPAK Totals							4.10	2,638.35

SARAM MICHAEL

STANDARD		MB	525	11/08/10	FYE 8/28/10	Time: 190.00/hr	6.00	1,140.00 Std
STANDARD		MB	525	11/09/10	FYE 8/28/2010	Time: 190.00/hr	5.50	1,045.00 Std
STANDARD		MB	525	11/10/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00 Std
STANDARD		MB	525	11/11/10	FYE 8/28/10	Time: 190.00/hr	10.00	1,900.00 Std
STANDARD		MB	525	11/12/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00 Std
TANDARD		MB	525	11/13/10	FYE 8/28/10	Time: 190.00/hr	4.00	760.00 Std
TANDARD		MB	525	11/15/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00 Std
TANDARD		MB	525	11/16/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00 Std
TANDARD		MB	525	11/17/10	FYE 8/28/10	Time: 190.00/hr	3.50	665.00 Std
TANDARD		MB	525	11/18/10	FYE 8/28/10	Time: 190.00/hr	4.00	760.00 Std

JEN03 JENNIFER CONVERTIBLE**JENNIFER CONVERTIBLE**D. HARRISON x3202
417 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797

Phone (Business): () 496-1900

E-mail:

Office: NY

Partner: JMK

JEN03	JENNIFER CONVERTIBLE								
Engagement	Project	Staff	Activity	Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount	Std?
STANDARD		999	E910	01/31/11		Time 0.00/unit	1.00	13.34	Dwn
STANDARD		999	E910	01/31/11		Time 0.00/unit	1.00	20.48	Dwn
							2.00	33.82	

GOODMAN BARBARA

49	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
35	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
EQ	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
03	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
56	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
22	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
17	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
17	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
34	BG	570	01/04/11		Time: 45.00/hr	0.25	11.24	Dwn
CD	BG	570	01/06/11		Time: 45.00/hr	0.50	22.49	Dwn
55	BG	570	01/06/11 E FILE		Time: 45.00/hr	0.25	11.24	Dwn
CF	BG	570	01/06/11		Time: 45.00/hr	0.25	11.24	Dwn
01	BG	570	01/06/11		Time: 45.00/hr	0.25	11.24	Dwn

GOODMAN BARBARA Totals

3.50 157.37

HELAYNE STOOPAK

STANDARD	HS	685	11/18/10	Te Mitch Kahn re: NOLs in bankruptcy	Time: 750.00/hr	0.30	193.05	Std
STANDARD	HS	685	11/27/10	Begin memo re: NOLS/Bankruptcy (Jennifer Convertibles)	Time: 750.00/hr	2.30	1,480.05	Std
STANDARD	HS	510	11/29/10	timing of deductions after bankruptcy filing, research 10/05/10	Time: 750.00/hr	1.50	965.25	Std

HELAYNE STOOPAK Totals

4.10 2,638.35

BARAM MICHAEL

STANDARD	MB	525	11/08/10	FYE 8/28/10	Time: 190.00/hr	6.00	1,140.00	Std
STANDARD	MB	525	11/09/10	FYE 8/28/2010	Time: 190.00/hr	5.50	1,045.00	Std
STANDARD	MB	525	11/10/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00	Std
STANDARD	MB	525	11/11/10	FYE 8/28/10	Time: 190.00/hr	10.00	1,900.00	Std
STANDARD	MB	525	11/12/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00	Std
STANDARD	MB	525	11/13/10	FYE 8/28/10	Time: 190.00/hr	4.00	760.00	Std
STANDARD	MB	525	11/15/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00	Std
STANDARD	MB	525	11/16/10	FYE 8/28/10	Time: 190.00/hr	7.50	1,425.00	Std
STANDARD	MB	525	11/17/10	FYE 8/28/10	Time: 190.00/hr	3.50	665.00	Std
STANDARD	MB	525	11/18/10	FYE 8/28/10	Time: 190.00/hr	4.00	760.00	Std

JEN03	JENNIFER CONVERTIBLE				Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount	Std?
Engagement	Project	Staff	Activity							
STANDARD		MB	525	11/19/10	FYE 8/28/2010		Time: 190.00/hr	7.50	1,425.00	Std
STANDARD		MB	525	11/22/10	FYE 8/28/2010		Time: 190.00/hr	5.50	1,045.00	Std
STANDARD		MB	525	11/23/10	FYE 8/28/10		Time: 190.00/hr	5.00	950.00	Std
STANDARD		MB	525	11/24/10	FYE 8/28/10		Time: 190.00/hr	6.00	1,140.00	Std
STANDARD		MB	525	11/29/10	FYE 8/28/10		Time: 190.00/hr	3.50	665.00	Std
STANDARD		MB	525	11/30/10	FYE 8/28/10		Time: 190.00/hr	5.50	1,045.00	Std
STANDARD		MB	525	12/01/10	FYE 8/28/10		Time: 190.00/hr	7.50	1,425.00	Std
STANDARD		MB	525	12/02/10	FYE 8/28/10		Time: 190.00/hr	7.00	1,330.00	Std
STANDARD		MB	525	12/06/10	FYE 8/28/10		Time: 190.00/hr	7.00	1,330.00	Std
STANDARD		MB	525	12/07/10	FYE 8/28/10		Time: 190.00/hr	6.50	1,235.00	Std
STANDARD		MB	525	12/08/10	FYE 8/28/10		Time: 190.00/hr	7.50	1,425.00	Std
STANDARD		MB	525	12/13/10	FYE 8/28/10		Time: 190.00/hr	6.50	1,235.00	Std
STANDARD		MB	525	12/14/10	FYE 8/28/10		Time: 190.00/hr	7.00	1,330.00	Std
STANDARD		MB	525	12/15/10	FYE 8/28/10		Time: 190.00/hr	7.50	1,425.00	Std
STANDARD		MB	525	12/17/10	FYE 8/28/10		Time: 190.00/hr	2.25	427.50	Std
STANDARD		MB	525	12/20/10	FYE 8/28/10		Time: 190.00/hr	5.50	1,045.00	Std
STANDARD		MB	525	12/21/10	FYE 8/28/10		Time: 190.00/hr	7.00	1,330.00	Std
STANDARD		MB	525	12/23/10	FYE 8/28/2010		Time: 190.00/hr	6.00	1,140.00	Std
STANDARD		MB	525	12/28/10	FYE 8/28/10		Time: 190.00/hr	7.50	1,425.00	Std
STANDARD		MB	525	12/29/10	FYE 8/28/10		Time: 190.00/hr	7.00	1,330.00	Std
STANDARD		MB	525	12/30/10	FYE 8/28/2010		Time: 190.00/hr	3.50	665.00	Std
CD		MB	575	01/03/11	FINAL PA BUSINES PRIVILEGE		Time: 150.00/hr	0.25	37.48	Dwn
17		MB	575	01/03/11	NYS BIENNIAL REPORT		Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/04/11	CA CORP DISCLOSURE STATEMENT		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/04/11	MI FINAL PP (DU)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/04/11	FLORIDA ANNUAL REPORT		Time: 150.00/hr	0.25	37.48	Dwn
CF		MB	575	01/04/11	FLORIDA ANNUAL REPORT		Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/04/11	FLORIDA FINAL PP RETURNS FOR FWP & FJB		Time: 150.00/hr	1.00	149.93	Dwn
60		MB	575	01/07/11	NC PP (NG)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/07/11	NC PP (NCY)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/07/11	NC PP (NDW)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/07/11	NC PP (WNC)		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/07/11	MI PP (DR)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
01		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
CF		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
59		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
27		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
23		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
CY		MB	575	01/10/11	DELAWARE 2010 ANNUAL REPORT		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/10/11	MI PP (DTY)		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/10/11	MI PP (NMI)		Time: 150.00/hr	0.50	74.97	Dwn
03		MB	575	01/10/11	MI PP (DB)		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/10/11	CA ENVIORNMAENTAL		Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/10/11	MA PP (BSC)		Time: 150.00/hr	0.50	74.97	Dwn

JEN03	JENNIFER CONVERTIBLE								
Engagement	Project	Staff	Activity	Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount	Std?
CD		MB	525	01/18/11	PHILADELPHIA RETURN	Time: 190.00/hr	0.75	142.43	Dwn
19		MB	575	01/18/11	MA PP (JCB)	Time: 150.00/hr	0.50	74.97	Dwn
STANDARD		MB	195	01/18/11	TELEPHONE CONVERSATION RE BANKRUPTCY	Time: 200.00/hr	2.00	399.81	Dwn
52		MB	575	01/18/11	MA PP (JMN)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/18/11	MA PP (CAB)	Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/18/11	CA PP (CSJ)	Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/18/11	CA PP (CU)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/18/11	MA PP (BWR)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/18/11	MA PP (JMS)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/18/11	MA PP (BBC)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/19/11	LA BUSINESS TAX RENEWAL (CBW)	Time: 150.00/hr	0.25	37.48	Dwn
CD		MB	575	01/19/11	GA PP (GK)	Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/19/11	GA PP (GSM)	Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/19/11	GA PP (GB)	Time: 150.00/hr	0.50	74.97	Dwn
60		MB	575	01/19/11	REDO NC PP (WNC)	Time: 150.00/hr	0.50	74.97	Dwn
CD		MB	575	01/19/11	FINAL GA ANNUAL REPORT (GB)	Time: 150.00/hr	0.50	74.96	Dwn
STANDARD		MB	525	01/20/11	MISC RE 8/28/2010	Time: 190.00/hr	0.75	142.43	Dwn
60		MB	575	01/20/11	CT ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
01		MB	575	01/20/11	NJ ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/20/11	CA PP (CCI)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/20/11	CA PP (CBW)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/20/11	CA PP (CEL)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/20/11	CA PP (CCO)	Time: 150.00/hr	0.50	74.96	Dwn
CF		MB	575	01/21/11	CA PP (CR)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/21/11	CA PP (CMC)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/21/11	CA PP (CSR)	Time: 150.00/hr	0.50	74.96	Dwn
CF		MB	575	01/21/11	CA PP (CMR, CFM)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (FB)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (FWB)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (FN)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (KF)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (FPP)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	FL PP (FL)	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/27/11	MARYLAND PP	Time: 150.00/hr	2.00	299.86	Dwn
60		MB	575	01/29/11	MD PP	Time: 150.00/hr	2.00	299.86	Dwn
60		MB	575	01/29/11	CA PP (7 LOCATIONS)	Time: 150.00/hr	3.00	449.79	Dwn
60		MB	575	01/29/11	VA PP	Time: 150.00/hr	0.50	74.96	Dwn
60		MB	575	01/29/11	VA ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/31/11	MD PP	Time: 150.00/hr	2.00	299.86	Dwn
CD		MB	575	01/31/11	MD PP	Time: 150.00/hr	1.00	149.93	Dwn
CD		MB	575	01/31/11	GA ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/31/11	GA ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/31/11	NH ANNUAL REPORT	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/31/11	VA PP (VM)	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	01/31/11	VA PP (VW)	Time: 150.00/hr	0.25	37.48	Dwn
60		MB	575	02/04/11	MD PP	Time: 150.00/hr	1.50	225.00	Std
CD		MB	575	02/04/11	MD PP	Time: 150.00/hr	0.50	75.00	Std

JEN03	JENNIFER CONVERTIBLE								
Engagement	Project	Staff	Activity	Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount	Std?
STANDARD		MB	525	02/07/11	DELAWARE FRANCHISE TAX CALCULATION FOR JOE	Time: 190.00/hr	0.50	95.00	Std
STANDARD		MB	525	02/17/11	TEL CONVERSATION WITH DEBBI RE CLOSED LOCATIONS	Time: 190.00/hr	0.50	95.00	Std
STANDARD		MB	505	02/17/11	MEETING - RAMI, JOE ETAL	Time: 225.00/hr	1.50	337.50	Std
60		MB	575	02/17/11	CA PP RETURNS (6)	Time: 150.00/hr	2.00	300.00	Std
CD		MB	575	02/17/11	PA MERCANTILE RETURN	Time: 150.00/hr	0.50	75.00	Std
BARAM MICHAEL Totals							<u>240.50</u>	<u>44,034.51</u>	

Goodman Michael

44		MG	525	01/03/11	vall st-04	Time: 295.00/hr	0.25	73.72	Dwn
35		MG	525	01/03/11	nico-35	Time: 295.00/hr	0.25	73.72	Dwn
EQ		MG	525	01/03/11	wash-eq	Time: 295.00/hr	0.25	73.72	Dwn
03		MG	525	01/03/11	mgm-03	Time: 295.00/hr	0.25	73.72	Dwn
56		MG	525	01/03/11	jam-56	Time: 295.00/hr	0.10	29.49	Dwn
22		MG	525	01/03/11	nsat-22	Time: 295.00/hr	0.25	73.72	Dwn
17		MG	525	01/03/11	har-12	Time: 295.00/hr	0.25	73.72	Dwn
59		MG	525	01/03/11	acq-59	Time: 295.00/hr	0.10	29.49	Dwn
34		MG	525	01/04/11	nic-34	Time: 295.00/hr	0.10	29.49	Dwn
25		MG	525	01/04/11	chi-25	Time: 295.00/hr	0.25	73.72	Dwn
27		MG	525	01/04/11	mgmt-27	Time: 295.00/hr	0.10	29.49	Dwn
23		MG	525	01/04/11	med-23	Time: 295.00/hr	0.10	29.49	Dwn
04		MG	525	01/04/11	conv-04	Time: 295.00/hr	0.10	29.49	Dwn
55		MG	525	01/04/11	jen-55	Time: 295.00/hr	0.10	29.49	Dwn
CD		MG	525	01/04/11	mgm-3cd	Time: 295.00/hr	0.50	147.43	Dwn
01		MG	525	01/04/11	eleg-01	Time: 295.00/hr	0.75	221.15	Dwn
CF		MG	525	01/05/11	mgm-cf	Time: 295.00/hr	0.75	221.15	Dwn
Goodman Michael Totals							<u>4.45</u>	<u>1,312.20</u>	

Kahn Mitchell

STANDARD		MK	685	11/01/10	supplemental KGS affidavit	Time: 395.00/hr	1.15	454.25	Std
STANDARD		MK	685	11/02/10	affidavit	Time: 395.00/hr	0.30	118.50	Std
STANDARD		MK	475	11/04/10	re 2010 tax accr	Time: 335.00/hr	0.15	50.25	Std
STANDARD		MK	625	11/05/10	re credit card processing	Time: 395.00/hr	0.15	59.25	Std
STANDARD		MK	475	11/12/10	tax accr	Time: 350.00/hr	0.35	122.50	Std
STANDARD		MK	685	11/17/10	NOL information for disclosure statement	Time: 395.00/hr	0.35	138.25	Std
STANDARD		MK	505	11/18/10	re NOL's	Time: 375.00/hr	0.75	281.25	Std
STANDARD		MK	500	11/22/10	Fin 48 memo	Time: 350.00/hr	0.90	315.00	Std
STANDARD		MK	500	11/22/10	revised FIN 48	Time: 350.00/hr	0.30	105.00	Std
STANDARD		MK	500	11/23/10	revised Fin 48	Time: 350.00/hr	0.65	227.50	Std
STANDARD		MK	600	01/04/11	conf call	Time: 395.00/hr	2.50	987.04	Dwn
STANDARD		MK	600	01/04/11	conf call	Time: 395.00/hr	0.75	296.11	Dwn
STANDARD		MK	480	01/06/11	FIN 48 update	Time: 395.00/hr	0.25	98.70	Dwn
STANDARD		MK	600	01/18/11	re Ashley	Time: 375.00/hr	2.75	1,030.77	Dwn
STANDARD		MK	685	01/21/11	no returns until bankruptcy over	Time: 395.00/hr	0.10	39.48	Dwn
STANDARD		MK	600	02/11/11	re NOLs	Time: 395.00/hr	0.25	98.75	Std
STANDARD		MK	605	02/17/11	meeting with Rami Joel	Time: 395.00/hr	1.75	691.25	Std
STANDARD		MK	505	02/17/11	prepare for meeting	Time: 375.00/hr	0.40	150.00	Std

JEN03	JENNIFER CONVERTIBLE								
Engagement	Project	Staff	Activity	Date	Comment / Biller Note (*Biller:)	Rate	Hrs/Units	Bill Amount	Std?
Kahn Mitchell Totals							13.80	5,263.85	
Client JENNIFER CONVERTIBLE Totals							268.35	53,440.10	

EXHIBIT F

Certification

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

CERTIFICATION

1. Mitchell Kahn, under penalty of perjury, certifies and says:

2. I am a Partner at KGS LLP (“KGS”), a certified public accounting firm with its principal office located at 125 Jericho Turnpike, Suite 300, Jericho, New York 11753. KGS has acted and continues to act as tax professionals to and rendered professional services on behalf of the Jennifer Convertibles, Inc. and its affiliated debtors (the “Debtors,” and, on and after the effective date of the Debtors’ plan of reorganization, the “Reorganized Debtors”), as debtors in possession in these chapter 11 cases.

3. This certification is submitted in support of KGS’ final application for allowance of compensation (the “Application”), pursuant to (i) Sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”); (ii) Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); (iii) Administrative Order M-389, Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (the “Amended Guidelines”); (iv) the Court’s order pursuant to Bankruptcy Code sections 105(a)

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).

and 331 and Bankruptcy Rule 2016(a), establishing procedures for interim monthly compensation and reimbursement of expenses of professionals, dated August 10, 2010, (Docket No. 155) (the “Interim Compensation Order”); (v) the guidelines promulgated by the Office of the United States Trustee applicable to the Application for compensation and reimbursement of expenses (the “U.S. Trustee Guidelines”); (vi) the Court’s Order Authorizing the Debtors to Employ KGS LLP as Tax Professionals Utilized in the Ordinary Course of Business (Docket No. 326) (the “Retention Order”); and (vii) Findings of Fact and Conclusions of Law and Order Signed on 2/8/2011 Confirming the Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and its Affiliated Debtors, dated February 9, 2011 (Docket No. 491) (the “Confirmation Order”).

4. I hereby certify that:

- a. I have read the Application.
- b. To the best of my knowledge, information and belief formed after a reasonable inquiry, the fees and disbursements sought in the Application fall within the Amended Guidelines and the U.S. Trustee Guidelines, as modified by any orders of this Court, except as specifically noted in this Certification and in the Application.
- c. The fees sought are billed at rates and in accordance with practices customarily employed by KGS and generally accepted by KGS’ clients.
- d. In providing a reimbursable service, KGS does not make a profit on that service, whether the service is performed by KGS in-house or through a third party.

5. This Application is being served upon this Court, the Office of the United States Trustee, the Debtors and their counsel, and counsel for the Official Committee of Unsecured Creditors.

Dated: April 4, 2011
New York, New York

/s/ Mitchell Kahn
MITCHELL KAHN
KGS LLP

EXHIBIT G

Proposed Order

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

In re:

JENNIFER CONVERTIBLES, INC.,²

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**ORDER APPROVING FINAL APPLICATION FOR ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED BY KGS LLP, TAX
PROFESSIONALS FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR THE
PERIOD FROM NOVEMBER 9, 2010 THROUGH FEBRUARY 22, 2011**

Upon the application (the “Final Fee Application”) of KGS LLP (“KGS”) as tax professionals for the debtors in the above-captioned cases (collectively, the “Debtors”) for final allowance of compensation for services rendered from November 9, 2010 through February 22, 2011; and pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and a hearing (the “Hearing”) having been held before this Court to consider the Final Fee Application; and it appearing that sufficient notice has been given, and no other notice being necessary; and upon the full record of the Hearing and all prior proceedings in these cases; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED AND DECREED that;

1. The Final Fee Application is granted to the extent set forth herein.

² 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).

2. All capitalized terms used but not defined herein shall have the same meaning ascribed to them in the Final Fee Application.

3. The fees KGS requested for services rendered during the Compensation Period are approved on a final basis, in the amounts and to the extent provided in Schedule A annexed hereto.

4. The Debtors are authorized and directed to pay as soon as practicable all fees and expenses approved by this Order that remain unpaid.

5. This Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order.

Dated: New York, New York
April __, 2011

HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE

CASE NAME: Jennifer Convertibles, Inc., et al.
CASE NUMBER: 10-13779 (ALG) (Jointly Administered)

SCHEDULE A

FEES AND EXPENSES APPROVED ON AN FINAL BASIS

<u>Applicant</u>	<u>Capacity</u>	Final Compensation <u>Approved</u>	Final Reimbursement of Expenses <u>Approved</u>	Fees To Be <u>Paid</u> ³
KGS LLP	Tax Professionals to the Debtors	\$53,440.10	\$0	\$12,592.50

Date: _____, 2011

³ The amount listed in this category includes fees for services rendered for the period November 9, 2010 through February 22, 2011 that have not yet been paid by the Debtors.